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HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2010
OF THE CONDITION AND AFFAIRS OF THE

Great Lakes Health Plan, Inc

NAIC Group Code 0707 (Current) 0707 (Prior) NAIC Company Code 95467 Employer's ID Number 38-3204052

Organized under the Laws of Michigan, State of Domicile or Port of Entry Michigan

Country of Domicile United States of America

Licensed as business type: Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 01/11/1994 Commenced Business 10/11/1994

Statutory Home Office 26957 Northwestern Highway, Suite 400 (Street and Number), Southfield , MI 48033 (City or Town, State and Zip Code)

Main Administrative Office 26957 Northwestern Highway, Suite 400 (Street and Number)
Southfield , MI 48033 (City or Town, State and Zip Code), 1-800-903-5253 (Area Code) (Telephone Number)

Mail Address 26957 Northwestern Highway, Suite 400 (Street and Number or P.O. Box), Southfield , MI 48033 (City or Town, State and Zip Code)

Primary Location of Books and Records 26957 Northwestern Highway, Suite 400 (Street and Number)
Southfield , MI 48033 (City or Town, State and Zip Code), 248-331-4269 (Area Code) (Telephone Number)

Internet Website Address www.glhp.com

Statutory Statement Contact David Keith Livingston (Name), 248-331-4269 (Area Code) (Telephone Number)
dlivingston@uhc.com (E-mail Address), 248-556-4640 (FAX Number)

OFFICERS

President David Keith Livingston
Treasurer Robert Worth Oberrender
Secretary Eric Jacob Wexler

OTHER

Lisa Ann Gray Chief Operating Officer
John William Kelly VP Tax Services
Guy Steven Gauthier # Chief Financial Officer
Rachel Veronica Godwin VP Health Services
David Bruce Siegel Medical Director

DIRECTORS OR TRUSTEES

James Daniel Donovan Jr. #
Chris Alan Scherer
William Everett Ralston
John Joseph Kaelin
Laura Ann Spicer

State of Michigan
County of
SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

David Keith Livingston, President
Eric Jacob Wexler, Secretary
Robert Worth Oberrender, Treasurer

Subscribed and sworn to before me this
_______ day of _______

a. Is this an original filing? .... Yes [X] No [ ]
b. If no,
1. State the amendment number.......
2. Date filed ....
3. Number of pages attached ....

ASSETS

		Current Year			Prior Year
		1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	4 Net Admitted Assets
1.	Bonds (Schedule D)	41,826,286		41,826,286	25,345,819
2.	Stocks (Schedule D):				
	2.1 Preferred stocks			0	0
	2.2 Common stocks			0	0
3.	Mortgage loans on real estate (Schedule B):				
	3.1 First liens			0	0
	3.2 Other than first liens			0	0
4.	Real estate (Schedule A):				
	4.1 Properties occupied by the company (less $ .... encumbrances)	0		0	0
	4.2 Properties held for the production of income (less $ .... encumbrances)			0	0
	4.3 Properties held for sale (less $ .... encumbrances)			0	0
5.	Cash ($ 3,973,175 , Schedule E - Part 1), cash equivalents ($ 6,001,058 , Schedule E - Part 2) and short-term investments ($ 99,234,785 , Schedule DA)	109,209,018		109,209,018	68,104,717
6.	Contract loans, (including $ .... premium notes)			0	0
7.	Derivatives			0	
8.	Other invested assets (Schedule BA)			0	0
9.	Receivables for securities	0		0	0
10.	Securities lending reinvested collateral assets			0	
11.	Aggregate write-ins for invested assets	0	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	151,035,304	0	151,035,304	93,450,536
13.	Title plants less $ .... charged off (for Title insurers only)			0	0
14.	Investment income due and accrued	640,449		640,449	311,721
15.	Premiums and considerations:				
	15.1 Uncollected premiums and agents' balances in the course of collection	0		0	0
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including $ .... earned but unbilled premiums)			0	0
	15.3 Accrued retrospective premiums	0		0	0
16.	Reinsurance:				
	16.1 Amounts recoverable from reinsurers	0		0	0
	16.2 Funds held by or deposited with reinsured companies			0	0
	16.3 Other amounts receivable under reinsurance contracts			0	0
17.	Amounts receivable relating to uninsured plans	1,075,346		1,075,346	38,611
18.1	Current federal and foreign income tax recoverable and interest thereon	1,124,066		1,124,066	5,901,361
18.2	Net deferred tax asset	675,943	0	675,943	777,056
19.	Guaranty funds receivable or on deposit			0	0
20.	Electronic data processing equipment and software			0	0
21.	Furniture and equipment, including health care delivery assets ($ ....)			0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23.	Receivables from parent, subsidiaries and affiliates	0		0	0
24.	Health care ($ 5,084,216) and other amounts receivable	5,112,141	27,925	5,084,216	10,821,237
25.	Aggregate write-ins for other than invested assets	0	0	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	159,663,250	27,925	159,635,325	111,300,522
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28.	Total (Lines 26 and 27)	159,663,250	27,925	159,635,325	111,300,522
	DETAILS OF WRITE-INS				
1101.					
1102.					
1103.					
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501.					
2502.					
2503.					
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year 1 Covered	2 Uncovered	3 Total	Prior Year 4 Total
1. Claims unpaid (less $ 431,197 reinsurance ceded)	77,932,419		77,932,419	63,956,475
2. Accrued medical incentive pool and bonus amounts	1,195,824		1,195,824	955,400
3. Unpaid claims adjustment expenses	935,262		935,262	1,484,992
4. Aggregate health policy reserves	129,695		129,695	41,409
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	23,573		23,573	0
9. General expenses due or accrued	276,723		276,723	238,628
10.1 Current federal and foreign income tax payable and interest thereon (including $ on realized capital gains (losses))	0		0	0
10.2 Net deferred tax liability	0		0	0
11. Ceded reinsurance premiums payable	0		0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated	0		0	0
14. Borrowed money (including $ current) and interest thereon $ (including $ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	10,562,491		10,562,491	4,525,491
16. Derivatives			0	
17. Payable for securities	1,340,066		1,340,066	0
18. Payable for securities lending			0	
19. Funds held under reinsurance treaties (with $ authorized reinsurers and $ 0 unauthorized reinsurers)			0	0
20. Reinsurance in unauthorized companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans	0		0	0
23. Aggregate write-ins for other liabilities (including $ current)	37,435	0	37,435	20,829
24. Total liabilities (Lines 1 to 23)	92,433,488	0	92,433,488	71,223,224
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid in and contributed surplus	XXX	XXX	47,003,392	22,003,392
29. Surplus notes	XXX	XXX	0	0
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	20,198,445	18,073,907
32. Less treasury stock, at cost:				
32.1 shares common (value included in Line 26 $)	XXX	XXX		
32.2 shares preferred (value included in Line 27 $)	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	67,201,837	40,077,299
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	159,635,325	111,300,522
DETAILS OF WRITE-INS				
2301. Escheat funds	37,435		37,435	20,829
2302.				
2303.				
2308. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2309. Totals (Lines 2301 thru 2303 plus 2308)(Line 23 above)	37,435	0	37,435	20,829
2501.	XXX	XXX		
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

		Current Year		Prior Year
		1 Uncovered	2 Total	3 Total
1.	Member Months	XXX	2,722,965	2,294,672
2.	Net premium income (including $ .... non-health premium income)	XXX	800,242,736	679,558,690
3.	Change in unearned premium reserves and reserve for rate credits	XXX	(88,286)	0
4.	Fee-for-service (net of $ .... medical expenses)	XXX	0	0
5.	Risk revenue	XXX	0	0
6.	Aggregate write-ins for other health care related revenues	XXX	0	(8,247,229)
7.	Aggregate write-ins for other non-health revenues	XXX	0	0
8.	Total revenues (Lines 2 to 7)	XXX	800,154,450	671,311,461
	Hospital and Medical:			
9.	Hospital/medical benefits		540,399,702	465,112,961
10.	Other professional services		13,398,398	16,128,489
11.	Outside referrals		0	0
12.	Emergency room and out-of-area		31,721,649	24,815,048
13.	Prescription drugs		78,893,095	68,284,971
14.	Aggregate write-ins for other hospital and medical	0	0	0
15.	Incentive pool, withhold adjustments, and bonus amounts		4,362,920	4,183,415
16.	Subtotal (Lines 9 to 15)	0	668,775,764	578,524,884
	Less:			
17.	Net reinsurance recoveries		440,675	413,689
18.	Total hospital and medical (Lines 16 minus 17)	0	668,335,090	578,111,195
19.	Non-health claims (net)			
20.	Claims adjustment expenses, including $ 29,665,376 cost containment expenses	0	33,083,874	9,020,600
21.	General administrative expenses		95,403,114	87,326,478
22.	Increase in reserves for life and accident and health contracts (including $ .... increase in reserves for life only)		0	0
23.	Total underwriting deductions (Lines 18 through 22)	0	796,822,078	674,458,273
24.	Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	3,332,373	(3,146,812)
25.	Net investment income earned (Exhibit of Net Investment Income, Line 17)		1,154,155	1,617,439
26.	Net realized capital gains (losses) less capital gains tax of $ 53,784		98,358	97,647
27.	Net investment gains (losses) (Lines 25 plus 26)	0	1,252,513	1,715,086
28.	Net gain or (loss) from agents' or premium balances charged off [(amount recovered $ ....) (amount charged off $ ....)]			
29.	Aggregate write-ins for other income or expenses	0	0	0
30.	Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	4,584,886	(1,431,726)
31.	Federal and foreign income taxes incurred	XXX	1,242,712	(767,597)
32.	Net income (loss) (Lines 30 minus 31)	XXX	3,342,174	(664,129)
	DETAILS OF WRITE-INS			
0601.	QAAP tax	XXX		(8,247,229)
0602.		XXX		
0603		XXX		
0698.	Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	(8,247,229)
0701.		XXX		
0702.		XXX		
0703		XXX		
0798.	Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799.	Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	0
1401.				
1402.				
1403.				
1498.	Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499.	Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.				
2902.				
2903				
2998.	Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999.	Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

		1 Current Year	2 Prior Year
	CAPITAL AND SURPLUS ACCOUNT		
33.	Capital and surplus prior reporting year	40,077,299	49,938,539
34.	Net income or (loss) from Line 32	3,342,174	(664,129)
35.	Change in valuation basis of aggregate policy and claim reserves		
36.	Change in net unrealized capital gains (losses) less capital gains tax of $		
37.	Change in net unrealized foreign exchange capital gain or (loss)		
38.	Change in net deferred income tax	(101,113)	(1,347,082)
39.	Change in nonadmitted assets	425,356	8,021,852
40	Change in unauthorized reinsurance	0	0
41.	Change in treasury stock	0	0
42.	Change in surplus notes	0	0
43.	Cumulative effect of changes in accounting principles		
44.	Capital Changes:		
	44.1 Paid in	0	0
	44.2 Transferred from surplus (Stock Dividend)	0	0
	44.3 Transferred to surplus		
45.	Surplus adjustments:		
	45.1 Paid in	25,000,000	0
	45.2 Transferred to capital (Stock Dividend)		
	45.3 Transferred from capital		
46.	Dividends to stockholders		(7,284,000)
47.	Aggregate write-ins for gains or (losses) in surplus	(1,541,879)	(8,587,881)
48.	Net change in capital and surplus (Lines 34 to 47)	27,124,538	(9,861,240)
49.	Capital and surplus end of reporting period (Line 33 plus 48)	67,201,837	40,077,299
	DETAILS OF WRITE-INS		
4701.	2009 tax true up correction of error	(1,067,232)	0
4702.	2008 MBT true up correction of error	(474,647)	0
4703.	2007 change in deferred tax correction of error		(349,465)
4798.	Summary of remaining write-ins for Line 47 from overflow page	0	(8,238,416)
4799.	Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(1,541,879)	(8,587,881)

CASH FLOW

		1 Current Year	2 Prior Year
	Cash from Operations		
1.	Premiums collected net of reinsurance	800,266,308	671,352,870
2.	Net investment income	1,078,584	1,818,294
3.	Miscellaneous income	0	0
4.	Total (Lines 1 through 3)	801,344,893	673,171,164
5.	Benefit and loss related payments	647,956,345	563,353,374
6.	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7.	Commissions, expenses paid and aggregate write-ins for deductions	130,062,184	92,773,559
8.	Dividends paid to policyholders		
9.	Federal and foreign income taxes paid (recovered) net of $ 53,784 tax on capital gains (losses)	(3,480,799)	5,276,866
10.	Total (Lines 5 through 9)	774,537,730	661,403,799
11.	Net cash from operations (Line 4 minus Line 10)	26,807,163	11,767,365
	Cash from Investments		
12.	Proceeds from investments sold, matured or repaid:		
	12.1 Bonds	5,588,543	12,369,188
	12.2 Stocks	0	0
	12.3 Mortgage loans	0	0
	12.4 Real estate	0	0
	12.5 Other invested assets	0	0
	12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
	12.7 Miscellaneous proceeds	1,340,066	0
	12.8 Total investment proceeds (Lines 12.1 to 12.7)	6,928,609	12,369,188
13.	Cost of investments acquired (long-term only):		
	13.1 Bonds	22,143,708	4,000,970
	13.2 Stocks	0	0
	13.3 Mortgage loans	0	0
	13.4 Real estate	0	0
	13.5 Other invested assets	0	0
	13.6 Miscellaneous applications	0	0
	13.7 Total investments acquired (Lines 13.1 to 13.6)	22,143,708	4,000,970
14.	Net increase (decrease) in contract loans and premium notes	0	0
15.	Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	(15,215,099)	8,368,218
	Cash from Financing and Miscellaneous Sources		
16.	Cash provided (applied):		
	16.1 Surplus notes, capital notes	0	0
	16.2 Capital and paid in surplus, less treasury stock	25,000,000	0
	16.3 Borrowed funds	0	0
	16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
	16.5 Dividends to stockholders	0	7,284,000
	16.6 Other cash provided (applied)	4,512,237	(4,155,815)
17.	Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)	29,512,237	(11,439,815)
	RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18.	Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	41,104,301	8,695,768
19.	Cash, cash equivalents and short-term investments:		
	19.1 Beginning of year	68,104,717	59,408,949
	19.2 End of year (Line 18 plus Line 19.1)	109,209,018	68,104,717

Note: Supplemental disclosures of cash flow information for non-cash transactions:

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Net premium income	800,242,736						17,487,030	782,755,706		
2. Change in unearned premium reserves and reserve for rate credit	(88,286)						(88,286)			
3. Fee-for-service (net of $ .... medical expenses)	0									XXX
4. Risk revenue	0									XXX
5. Aggregate write-ins for other health care related revenues	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	800,154,450	0	0	0	0	0	17,398,744	782,755,706	0	0
8. Hospital/medical benefits	540,399,702						10,926,145	529,473,557		XXX
9. Other professional services	13,398,398						145,048	13,253,350		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	31,721,649						634,434	31,087,215		XXX
12. Prescription drugs	78,893,095						1,586,522	77,306,573		XXX
13. Aggregate write-ins for other hospital and medical	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	4,362,920							4,362,920		XXX
15. Subtotal (Lines 8 to 14)	668,775,764	0	0	0	0	0	13,292,149	655,483,615	0	XXX
16. Net reinsurance recoveries	440,675							440,675		XXX
17. Total medical and hospital (Lines 15 minus 16)	668,335,089	0	0	0	0	0	13,292,149	655,042,940	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
19. Claims adjustment expenses including $ 29,665,376 cost containment expenses	33,083,874						224,970	32,858,904		
20. General administrative expenses	95,403,115						713,130	94,689,985		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	796,822,078	0	0	0	0	0	14,230,249	782,591,829	0	0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	3,332,372	0	0	0	0	0	3,168,495	163,877	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT

PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1 + 2 - 3)
1. Comprehensive (hospital and medical)				0
2. Medicare Supplement				0
3. Dental only				0
4. Vision only				0
5. Federal Employees Health Benefits Plan	0			0
6. Title XVIII - Medicare	17,487,030			17,487,030
7. Title XIX - Medicaid	784,488,182		1,732,476	782,755,706
8. Other health				0
9. Health subtotal (Lines 1 through 8)	801,975,212	0	1,732,476	800,242,736
10. Life	0			0
11. Property/casualty	0			0
12. Totals (Lines 9 to 11)	801,975,212	0	1,732,476	800,242,736

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - CLAIMS INCURRED DURING THE YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Payments during the year:										
1.1 Direct	650,005,703						11,345,520	638,660,183		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	440,675							440,675		
1.4 Net	649,565,028	0	0	0	0	0	11,345,520	638,219,508	0	0
2. Paid medical incentive pools and bonuses	4,122,496							4,122,496		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	78,363,616	0	0	0	0	0	3,129,934	75,233,682	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	431,197	0	0	0	0	0	0	431,197	0	0
3.4 Net	77,932,419	0	0	0	0	0	3,129,934	74,802,485	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0									
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	1,195,824							1,195,824		
6. Net healthcare receivables (a)	0									
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	63,956,475	0	0	0	0	0	1,183,305	62,773,170	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	63,956,475	0	0	0	0	0	1,183,305	62,773,170	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0									
9.2 Reinsurance assumed	0									
9.3 Reinsurance ceded	0									
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	955,400							955,400		
11. Amounts recoverable from reinsurers December 31, prior year	0									
12. Incurred Benefits:										
12.1 Direct	664,412,844	0	0	0	0	0	13,292,149	651,120,695	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	871,872	0	0	0	0	0	0	871,872	0	0
12.4 Net	663,540,972	0	0	0	0	0	13,292,149	650,248,823	0	0
13. Incurred medical incentive pools and bonuses	4,362,920	0	0	0	0	0	0	4,362,920	0	0

(a) Excludes $ .... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefits Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other Health	10 Other Non-Health
1. Reported in Process of Adjustment:										
1.1 Direct	5,386,178						212,019	5,174,159		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	431,197							431,197		
1.4 Net	4,954,981	0	0	0	0	0	212,019	4,742,962	0	0
2. Incurred but Unreported:										
2.1 Direct	72,977,438						2,917,915	70,059,523		
2.2 Reinsurance assumed	0									
2.3 Reinsurance ceded	0									
2.4 Net	72,977,438	0	0	0	0	0	2,917,915	70,059,523	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1 Direct	0									
3.2 Reinsurance assumed	0									
3.3 Reinsurance ceded	0									
3.4 Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1 Direct	78,363,616	0	0	0	0	0	3,129,934	75,233,682	0	0
4.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3 Reinsurance ceded	431,197	0	0	0	0	0	0	431,197	0	0
4.4 Net	77,932,419	0	0	0	0	0	3,129,934	74,802,485	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5	6
	1	2	3	4		
Line of Business	On Claims Incurred Prior to January 1 of Current Year	On Claims Incurred During the Year	On Claims Unpaid December 31 of Prior Year	On Claims Incurred During the Year	Claims Incurred In Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability December 31 of Prior Year
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	1,158,645	9,552,442	982,205	2,147,729	2,140,850	1,183,306
7 Title XIX - Medicaid	40,556,455	598,728,684	12,349,963	62,452,522	52,906,418	62,773,169
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	41,715,100	608,281,126	13,332,168	64,600,251	55,047,268	63,956,475
10. Healthcare receivables (a)		0		0	0	0
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts	885,512	3,236,984		1,195,824	885,512	955,400
13. Totals (Lines 9 - 10 + 11 + 12)	42,600,612	611,518,110	13,332,168	65,796,075	55,932,780	64,911,875

(a) Excludes $ .... loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XVIII

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	0	0	
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	834	1,252	1,292
5. 2009	XXX	XXX	XXX	2,973	4,092
6. 2010	XXX	XXX	XXX	XXX	8,732

Section B - Incurred Health Claims - Title XVIII

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	0	0	
2. 2006					
3. 2007	XXX				
4. 2008	XXX	XXX	1,029	1,447	1,292
5. 2009	XXX	XXX	XXX	2,973	4,092
6. 2010	XXX	XXX	XXX	XXX	11,862

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XVIII

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006				0.0	0	0.0			0	0.0
2. 2007				0.0	0	0.0			0	0.0
3. 2008		1,292		0.0	1,292	0.0			1,292	0.0
4. 2009	6,440	4,092		0.0	4,092	63.5			4,092	63.5
5. 2010	17,487	8,732	177	2.0	8,909	50.9	3,130	6	12,045	68.9

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Title XIX

	Cumulative Net Amounts Paid				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	15,259	14,740	14,740	14,740	14,740
2. 2006	206,739	224,964	97	59	59
3. 2007	XXX	270,129	24,433	24,500	24,500
4. 2008	XXX	XXX	421,583	447,694	447,664
5. 2009	XXX	XXX	XXX	277,989	316,003
6. 2010	XXX	XXX	XXX	XXX	318,129

Section B - Incurred Health Claims - Title XIX

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
Year in Which Losses Were Incurred	1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	771,680	(75)	
2. 2006	0	0	225,061	59	(75)
3. 2007	XXX	0	294,562	24,500	20
4. 2008	XXX	XXX	464,560	447,694	447,664
5. 2009	XXX	XXX	XXX	320,875	316,003
6. 2010	XXX	XXX	XXX	XXX	396,077

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Title XIX

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006				0.0	0	0.0			0	0.0
2. 2007				0.0	0	0.0			0	0.0
3. 2008		447,664		0.0	447,664	0.0			447,664	0.0
4. 2009	673,119	316,003		0.0	316,003	46.9			316,003	46.9
5. 2010	782,756	318,129	25,864	8.1	343,993	43.9	75,998	929	420,920	53.8

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS

(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	15,259	14,740	14,740	14,740	14,740
2. 2006	206,739	224,964	97	59	59
3. 2007	XXX	270,129	24,433	24,500	24,500
4. 2008	XXX	XXX	422,417	448,946	448,956
5. 2009	XXX	XXX	XXX	280,962	320,095
6. 2010	XXX	XXX	XXX	XXX	326,861

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year 1 2006	2 2007	3 2008	4 2009	5 2010
1. Prior	0	0	771,680	(75)	0
2. 2006	0	0	225,061	59	(75)
3. 2007	XXX	0	294,562	24,500	20
4. 2008	XXX	XXX	465,589	449,141	448,956
5. 2009	XXX	XXX	XXX	323,848	320,095
6. 2010	XXX	XXX	XXX	XXX	407,939

Section C - Incurred Year Health Claims and Claims Adjustment Expense Ratio - Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payment	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2 + 3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2006	0	0	0	0.0	0	0.0	0	0	0	0.0
2. 2007	0	0	0	0.0	0	0.0	0	0	0	0.0
3. 2008	0	448,956	0	0.0	448,956	0.0	0	0	448,956	0.0
4. 2009	679,559	320,095	0	0.0	320,095	47.1	0	0	320,095	47.1
5. 2010	800,243	326,861	26,041	8.0	352,902	44.1	79,128	935	432,965	54.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1 Total	2 Comprehensive (Hospital & Medical)	3 Medicare Supplement	4 Dental Only	5 Vision Only	6 Federal Employees Health Benefit Plan	7 Title XVIII Medicare	8 Title XIX Medicaid	9 Other
1. Unearned premium reserves	0								
2. Additional policy reserves (a)	129,695						129,695		
3. Reserve for future contingent benefits	0								
4. Reserve for rate credits or experience rating refunds (including $ ....) for investment income	0								
5. Aggregate write-ins for other policy reserves	0	0	0	0	0	0	0	0	0
6. Totals (gross)	129,695	0	0	0	0	0	129,695	0	0
7. Reinsurance ceded	0								
8. Totals (Net)(Page 3, Line 4)	129,695	0	0	0	0	0	129,695	0	0
9. Present value of amounts not yet due on claims	0								
10. Reserve for future contingent benefits	0								
11. Aggregate write-ins for other claim reserves	0	0	0	0	0	0	0	0	0
12. Totals (gross)	0	0	0	0	0	0	0	0	0
13. Reinsurance ceded	0								
14. Totals (Net)(Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page	0	0	0	0	0	0	0	0	0
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0	0	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes $ 0 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses 1 Cost Containment Expenses	Claim Adjustment Expenses 2 Other Claim Adjustment Expenses	3 General Administrative Expenses	4 Investment Expenses	5 Total
1. Rent ($ .... for occupancy of own building)	927,611	106,894	2,722,681		3,757,186
2. Salary, wages and other benefits	16,353,123	1,884,457	660,480		18,898,060
3. Commissions (less $ .... ceded plus $ .... assumed)			709,893		709,893
4. Legal fees and expenses	242,245	27,915	709,527		979,687
5. Certifications and accreditation fees	16,163	1,863	47,442		65,468
6. Auditing, actuarial and other consulting services	1,841,419	212,196	5,605,221		7,658,836
7. Traveling expenses	486,871	56,105	1,429,042		1,972,018
8. Marketing and advertising	1,336,859	154,053	3,934,554		5,425,466
9. Postage, express and telephone	1,428,210	164,580	4,192,018		5,784,808
10. Printing and office supplies	469,304	54,080	1,377,484		1,900,868
11. Occupancy, depreciation and amortization	264,413	30,470	776,094		1,070,977
12. Equipment	80,578	9,285	236,510		326,373
13. Cost or depreciation of EDP equipment and software	2,608,607	300,604	7,656,667		10,565,878
14. Outsourced services including EDP, claims, and other services	1,947,599	224,433	4,198,754		6,370,786
15. Boards, bureaus and association fees	54,830	6,318	160,936		222,084
16. Insurance, except on real estate	570,790	65,775	2,631,734		3,268,299
17. Collection and bank service charges	159,178	18,343	467,212		644,733
18. Group service and administration fees	99,679	11,486	292,569		403,734
19. Reimbursements by uninsured plans			(1,693,607)		(1,693,607)
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes	64,420	7,422	189,080		260,922
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			8,485,398		8,485,398
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees			46,750,429		46,750,429
23.4 Payroll taxes			1,767,048		1,767,048
23.5 Other (excluding federal income and real estate taxes)	53,276	6,140	156,373		215,789
24. Investment expenses not included elsewhere				47,508	47,508
25. Aggregate write-ins for expenses	660,201	76,079	1,939,575	0	2,675,855
26. Total expenses incurred (Lines 1 to 25)	29,665,376	3,418,498	95,403,114	47,508	(a) 128,534,496
27. Less expenses unpaid December 31, current year	0	935,261	276,723		1,211,984
28. Add expenses unpaid December 31, prior year		1,484,991	238,628		1,723,619
29. Amounts receivable relating to uninsured plans, prior year					0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	29,665,376	3,968,228	95,365,019	47,508	129,046,131
DETAILS OF WRITE-INS					
2501. Information Technology	153,702	17,712	451,140		622,554
2502. Interest	141,988	16,362	416,758		575,108
2503. Managed care & network access	18,973	2,186	55,688		76,847
2598. Summary of remaining write-ins for Line 25 from overflow page	345,538	39,819	1,015,989	0	1,401,346
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	660,201	76,079	1,939,575	0	2,675,855

(a) Includes management fees of $ 72,727,093 to affiliates and $ .... to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

			1 Collected During Year	2 Earned During Year
1.	U.S. government bonds	(a)	56,802	173,255
1.1	Bonds exempt from U.S. tax	(a)		
1.2	Other bonds (unaffiliated)	(a)	925,404	869,798
1.3	Bonds of affiliates	(a)		
2.1	Preferred stocks (unaffiliated)	(b)		
2.11	Preferred stocks of affiliates	(b)		
2.2	Common stocks (unaffiliated)			
2.21	Common stocks of affiliates			
3.	Mortgage loans	(c)		
4.	Real estate	(d)		
5	Contract Loans			
6	Cash, cash equivalents and short-term investments	(e)	(110,491)	158,610
7	Derivative instruments	(f)		
8.	Other invested assets			
9.	Aggregate write-ins for investment income		0	0
10.	Total gross investment income		871,715	1,201,663
11.	Investment expenses			(g) 47,508
12.	Investment taxes, licenses and fees, excluding federal income taxes			(g) 0
13.	Interest expense			(h)
14.	Depreciation on real estate and other invested assets			(i)
15.	Aggregate write-ins for deductions from investment income			0
16.	Total deductions (Lines 11 through 15)			47,508
17.	Net investment income (Line 10 minus Line 16)			1,154,155
	DETAILS OF WRITE-INS			
0901.				
0902.				
0903.				
0998.	Summary of remaining write-ins for Line 9 from overflow page		0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)		0	0
1501.				
1502.				
1503.				
1598.	Summary of remaining write-ins for Line 15 from overflow page			0
1599.	Totals (Lines 1501 thru 1503 plus 1598) (Line 15, above)			0

(a) Includes $ 26,961 accrual of discount less $ 253,292 amortization of premium and less $ 49,520 paid for accrued interest on purchases.

(b) Includes $ ______ accrual of discount less $ ______ amortization of premium and less $ ______ paid for accrued dividends on purchases.

(c) Includes $ ______ accrual of discount less $ ______ amortization of premium and less $ ______ paid for accrued interest on purchases.

(d) Includes $ ______ for company's occupancy of its own buildings; and excludes $ ______ interest on encumbrances.

(e) Includes $ 13,216 accrual of discount less $ 264,760 amortization of premium and less $ ______ paid for accrued interest on purchases.

(f) Includes $ ______ accrual of discount less $ ______ amortization of premium.

(g) Includes $. ______ investment expenses and $ ______ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.

(h) Includes $ ______ interest on surplus notes and $ ______ interest on capital notes.

(i) Includes $ ______ depreciation on real estate and $ ______ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1 Realized Gain (Loss) On Sales or Maturity	2 Other Realized Adjustments	3 Total Realized Capital Gain (Loss) (Columns 1 + 2)	4 Change in Unrealized Capital Gain (Loss)	5 Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds	2,468	0	2,468	0	0
1.1	Bonds exempt from U.S. tax			0		
1.2	Other bonds (unaffiliated)	151,788	(2,620)	149,168	0	0
1.3	Bonds of affiliates	0	0	0	0	0
2.1	Preferred stocks (unaffiliated)	0	0	0	0	0
2.11	Preferred stocks of affiliates	0	0	0	0	0
2.2	Common stocks (unaffiliated)	0	0	0	0	0
2.21	Common stocks of affiliates	0	0	0	0	0
3.	Mortgage loans		0	0	0	0
4.	Real estate		0	0		0
5.	Contract loans			0		
6.	Cash, cash equivalents and short-term investments	506		506		
7.	Derivative instruments			0		
8.	Other invested assets		0	0	0	0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0	0
10.	Total capital gains (losses)	154,762	(2,620)	152,142	0	0
	DETAILS OF WRITE-INS					
0901.						
0902.						
0903.						
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0	0
0999.	Totals (Lines 0901 thru 0903 plus 0998) (Line 9, above)	0	0	0	0	0

EXHIBIT OF NON-ADMITTED ASSETS

		1 Current Year Total Nonadmitted Assets	2 Prior Year Total Nonadmitted Assets	3 Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1.	Bonds (Schedule D)			0
2.	Stocks (Schedule D):			
	2.1 Preferred stocks			0
	2.2 Common stocks			0
3.	Mortgage loans on real estate (Schedule B):			
	3.1 First liens			0
	3.2 Other than first liens			0
4.	Real estate (Schedule A):			
	4.1 Properties occupied by the company			0
	4.2 Properties held for the production of income			0
	4.3 Properties held for sale			0
5.	Cash (Schedule E - Part 1), cash equivalents (Schedule E - Part 2) and short-term investments (Schedule DA)			0
6.	Contract loans			0
7.	Derivatives			0
8.	Other invested assets (Schedule BA)			0
9.	Receivables for securities			0
10.	Securities lending reinvested collateral assets			0
11.	Aggregate write-ins for invested assets	0	0	0
12.	Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13.	Title plants (for Title insurers only)			0
14.	Investment income due and accrued			0
15.	Premiums and considerations:			
	15.1 Uncollected premiums and agents' balances in the course of collection			0
	15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due			0
	15.3 Accrued retrospective premiums			0
16.	Reinsurance:			
	16.1 Amounts recoverable from reinsurers			0
	16.2 Funds held by or deposited with reinsured companies			0
	16.3 Other amounts receivable under reinsurance contracts			0
17.	Amounts receivable relating to uninsured plans			0
18.1	Current federal and foreign income tax recoverable and interest thereon			0
18.2	Net deferred tax asset	0	0	0
19.	Guaranty funds receivable or on deposit			0
20.	Electronic data processing equipment and software			0
21.	Furniture and equipment, including health care delivery assets		0	0
22.	Net adjustment in assets and liabilities due to foreign exchange rates			0
23.	Receivable from parent, subsidiaries and affiliates			0
24.	Health care and other amounts receivable	27,925	453,281	425,356
25.	Aggregate write-ins for other than invested assets	0	0	0
26.	Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	27,925	453,281	425,356
27.	From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
28.	Total (Lines 26 and 27)	27,925	453,281	425,356
	DETAILS OF WRITE-INS			
1101.				
1102.				
1103.				
1198.	Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199.	Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0
2501.	Intangible Asset		0	0
2502.				
2503.				
2598.	Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599.	Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

		Total Members at End of					6
		1	2	3	4	5	Current Year
	Source of Enrollment	Prior Year	First Quarter	Second Quarter	Third Quarter	Current Year	Member Months
1.	Health Maintenance Organizations	208,474	216,478	226,769	230,343	236,177	2,722,965
2.	Provider Service Organizations						
3.	Preferred Provider Organizations						
4.	Point of Service						
5.	Indemnity Only						
6.	Aggregate write-ins for other lines of business	0	0	0	0	0	0
7.	Total	208,474	216,478	226,769	230,343	236,177	2,722,965
	DETAILS OF WRITE-INS						
0601.							
0602.							
0603.							
0698.	Summary of remaining write-ins for Line 6 from overflow page	0	0	0	0	0	0
0699.	Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation — Great Lakes Health Plan, Inc. (the “Company”), licensed as a health maintenance organization (HMO), offers its enrollees a variety of managed care programs and products through contractual arrangements with heath care providers. The Company is a wholly owned subsidiary of AmeriChoice Corporation (“AmeriChoice”). AmeriChoice is a majority-owned subsidiary of UnitedHealth Group Incorporated (“UnitedHealth Group”). UnitedHealth Group is a publicly held company trading on the New York Stock Exchange. United HealthCare Services, Inc. (UHS), an affiliate of the Company and a wholly owned subsidiary of UnitedHealth Group, is an HMO management corporation that provides services to the Company under the terms of a management agreement.

The Company was incorporated on January 11, 1994, as an HMO and operations commenced in October 1994. The Company is certified as an HMO by the Office of Financial and Insurance Regulation of the State of Michigan (OFIR). The Company has entered into contracts with physicians, hospitals, and other health care provider organizations to deliver health care services for all enrollees.

The Company serves as a plan sponsor offering Medicare Advantage and Medicare Part D prescription drug insurance coverage (Medicare Part D program) under a contract with the Centers for Medicare and Medicaid Services (CMS). Under the Medicare Part D program, there are seven separate elements of payment received by the Company during the plan year; these payment elements are CMS premium, member premium, low-income premium subsidy, catastrophic reinsurance subsidy, low-income member cost-sharing subsidy, and CMS risk share.

The Company has a contract with the State of Michigan Department of Community Health, to provide health care services to Medicaid and dual-eligible Medicare beneficiaries in Michigan. The current contract is effective through September 30, 2012. Substantially all of the Company’s premium revenues are as a result of this contract.

Basis of Presentation — The Company prepares its financial statements on the basis of accounting practices prescribed or permitted by OFIR. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

The more significant differences are as follows:

- Cash, cash equivalents, and short-term investments in the statutory basis financial statements represent cash balances and investments with original maturities of one year or less from the time of acquisition, whereas under GAAP, the corresponding caption of cash, cash equivalents and short-term investments includes cash balances and investments that will mature in one year or less;

- Outstanding checks in excess of cash balances are required to be presented as cash overdrafts in the statutory basis statements of admitted assets, liabilities, and capital and surplus as opposed to being reflected as other liabilities under GAAP;

- Certain debt investments categorized as held to maturity under GAAP are shown at amortized cost, whereas in the statutory basis financial statements, these investments are presented at either the lower of amortized cost or fair value in accordance with National Association of Insurance Commissioners (NAIC) classifications.

- Certain assets, including certain aged premium and health care receivables, certain fixed assets, and intangible assets, are considered nonadmitted assets for statutory purposes and are excluded from the statutory basis statements of admitted assets, liabilities, and capital and surplus;

- Under statutory accounting, changes to deferred tax assets and liabilities are recorded directly to unassigned surplus and deferred tax assets are subject to limitations regarding the realization and admissibility of the assets, whereas under GAAP, the change in deferred tax assets and liabilities is recorded as a component of the income tax provision within the income statement and is based on the ultimate recoverability of the deferred tax assets;

- Assets not specifically identified as an admitted asset by the NAIC are designated as nonadmitted under statutory accounting. Nonadmitted assets are excluded from the accompanying balance sheets and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets;

- The reserves ceded to reinsurers for claims unpaid and aggregate health claim reserves have been reported as reductions of the related reserves rather than as assets, which would be required under GAAP;

- The unexpired portion of accident and health insurance premiums is recorded as unearned premium; the corresponding change in unearned premium from year to year is reflected as a change in unearned premium reserves in the statutory basis statements of operations. Under GAAP, the change in unearned premium from year to year is reported through premium income.

- Comprehensive income and its components are not presented in the statutory basis financial statements;

- Cash, cash equivalents, and short-term investments in the statutory basis statements of cash flows represent cash balances and investments with original maturities of one year or less from the time of acquisition. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and cash equivalents with maturities of three months or less. The statutory basis statements of cash flows are prepared in accordance with the NAIC guidelines.

The OFIR recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of an HMO and for determining its solvency under Michigan insurance law. The NAIC's Accounting Practices and Procedures manual (NAIC SAP) has been adopted with modifications as a component of prescribed or permitted practices by the State of Michigan. No significant differences exist between prescribed or permitted practices by the State of Michigan and NAIC SAP, which would materially affect the statutory basis capital and surplus.

Use of Estimates — The preparation of these statutory basis financial statements in conformity with the Annual Statement Instructions and the NAIC SAP include certain amounts that are based on the Company's estimates and judgments. These estimates require the Company to apply complex assumptions and judgments, often because the Company must make estimates about the effects of matters that are inherently uncertain and will change in subsequent periods. The most significant estimates relate to hospital and medical expenses, claims unpaid, and aggregate health policy reserves and aggregate health claim reserves (collectively known as "aggregate health reserves"). The Company adjusts these estimates each period as more current information becomes available. The impact of any changes in estimates is included in the determination of net income (loss) in the period in which the estimate is adjusted.

Cash and Invested Assets —

Cash and cash equivalents represent cash held by the Company in disbursement accounts, treasury bills, agency discount notes and commercial paper. Claims and other payments are made from the disbursement accounts daily. Cash overdrafts are a result of timing differences in funding disbursement accounts for claim payments. Cash equivalents have original maturity dates of three months or less from the date of acquisition and are reported at cost or amortized cost depending on the nature of the underlying security, which approximates fair value.

Short-term investments represent money market instruments, commercial paper, corporate bonds, government and state and state agency obligations, and municipal securities with a maturity of greater than three months but less than one year at the time of purchase.

Bonds include corporate bonds, government and state and state agency obligations and municipal securities with a maturity of greater than one year at the time of purchase.

Bonds and short-term investments are stated at amortized cost if they meet NAIC designation of one or two and stated at the lower of amortized cost or fair value if they meet an NAIC designation of three or higher. Amortization of bond premium or discount is calculated using the constant-yield interest method. Bonds and short-term investments are valued and reported using market prices published by the Securities Valuation Office (SVO) in accordance with the NAIC *Valuations of Securities* manual prepared by the SVO or an external pricing service.

Corporate bonds and government obligations included mortgage-backed securities, which are valued using the retrospective adjustment methodology. Prepayment assumptions for the determination of the amortized cost of mortgage-backed securities are based on a three-month constant prepayment rate history obtained from external data source vendors. The Company's investment policy limits investments in nonagency residential mortgage-backed securities, including home equity and subprime mortgages to 10% of total cash and invested assets and total investments in mortgage-backed securities to 30% of total cash and invested assets.

Realized capital gains and losses on sales of investments are calculated based upon specific identification of the investments sold. These gains and losses are reported as net realized capital gains less capital gains tax in the statutory basis statements of operations.

The Company continually monitors the difference between the amortized cost and estimated fair value of its investments. If any of the Company's investments experience a decline in value that the Company has determined is other than temporary, the Company records a realized loss in net realized capital gains less capital gains tax in the statutory basis statements of operations as the Company has made the determination to sell the security. The new cost basis is not changed for subsequent recoveries in fair value. The prospective adjustment method is utilized for mortgage-backed securities for periods subsequent to the loss recognition. The Company recognized an other-than-temporary loss of approximately $3 and $20 as of December 31, 2010 and 2009, respectively.

Payable for Securities —The Company reports payables for securities when investments are traded at the end of an accounting period and the settlement does not occur until the following month in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Investment Income Due and Accrued — Investment income earned and due as of the reporting date in addition to investment income earned but not paid or collected until subsequent periods are reported as investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company evaluates the collectibility of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Net Investment Income Earned — Net investment income earned includes investment income collected during the period, as well as the change in investment income due and accrued on the Company's holdings. Amortization of premium or discounts on bonds and certain external investment management costs are also included in net investment income earned (see Note 7).

Amounts Due to Parent, Subsidiaries, and Affiliates — In the normal course of business, the Company has various transactions with related parties (see Note 10). The Company reports any unsettled amounts due to parent, subsidiaries, and affiliates in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

Hospital and Medical Expenses, Claims Unpaid and Aggregate Health Reserves — Hospital and medical expenses and corresponding liabilities include claims paid, claims processed but not yet paid, estimates for claims received but not yet processed, estimates for the costs of health care services enrollees have received but for which claims have not yet been submitted, and for liabilities for physician, hospital, and other medical cost disputes.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates liabilities for physician, hospital and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2010 and 2009. Management believes the amount of claims unpaid and aggregate health reserves is adequate to cover the Company's liability for unpaid claims and aggregate health reserves as of December 31, 2010; however, actual claim payments may differ from those established estimates. Adjustments to claims unpaid estimates and aggregate health reserves are reflected in operating results in the period in which the change in estimate is identified.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 10). Capitated providers are at risk for the cost of medical care services provided to the Company's enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

Amounts Receivable Relating to Uninsured Plans — Receivables for amounts held under uninsured plans represents the cost reimbursement under the Medicare Part D program for the catastrophic reinsurance subsidy and the low-income member cost-sharing subsidy. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are received monthly and are not reflected as net premium income, but rather accounted for as deposits. If the Company incurs costs either in excess of or less than these subsidies, a corresponding receivable or payable is recorded in amounts receivable relating to uninsured plans or liability for amounts held under uninsured plans in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Related cash flows are presented within operating expenses paid within cash provided by operations in the statutory basis statements of cash flows.

Net Deferred Tax Asset and Federal Income Taxes Incurred — Statutory accounting requires an amount to be recorded for deferred taxes on temporary differences between the financial reporting and tax bases of assets and liabilities, subject to a valuation allowance and admissibility limitations on deferred tax assets (see Note 9). The provision for federal income taxes incurred is calculated based on applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains tax subject to certain adjustments (see Note 9).

Claims Adjustment Expense — Claims adjustment expenses (CAE) are those costs expected to be incurred in connection with the adjustment and recording of accident and health claims. Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses. It is the responsibility of UHS to pay CAE in the event the Company ceases operations. The Company has recorded an estimate of unpaid claims adjustment expenses associated with incurred but unpaid claims. Management believes the amount of the liability for unpaid claims adjustment expenses as of December 31, 2010 and 2009, is adequate to cover the Company's cost for the adjustment and recording of unpaid claims, however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified.

General Administrative Expenses — Pursuant to the terms of the management agreement (see Note 10), the Company pays a management fee to UHS in exchange for administrative and management services. Costs for items not included within the scope of the management agreement are directly expensed as incurred. State income taxes are also components of general administrative expenses. In addition, sales and use tax fees of $46,748 and $30,183 are included in general administrative expenses for the years ended December 31, 2010 and 2009, respectively. A detailed review of UHS' and the Company's administrative expenses is performed to determine the allocation between claims adjustment expenses and general administrative expenses to be reported in the statutory basis statements of operations.

Revenues — Revenues consist of net premium income that is recognized in the period in which enrollees are entitled to receive health care services. Net premium income is shown net of reinsurance premiums. Premiums received in full during the current period that are not due until future periods are recorded as premiums received in advance in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Unearned premiums are established for the portion of premiums received during the current period that are partially unearned at the end of the period and are included in aggregate health policy reserves in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

Net premium income includes the Medicare Advantage CMS premium, and the premium under the Medicare Part D program, which includes CMS premium, member premium, and low-income premium subsidy for the Company's insurance risk coverage. Net premium income is recognized ratably over the period in which eligible individuals are entitled to receive health care services and prescription drug benefits. The Company estimates retrospective premiums adjustments based on guidelines determined by CMS (see Note 24).

The Company also has an arrangement with CMS for certain Medicare products whereby periodic changes in member risk factor adjustment scores, for certain diagnoses codes, result in changes to its Medicare revenues. The Company recognizes such changes when the amounts become determinable and supportable and collectibility is reasonably assured. The estimated risk adjusted payments due to the Company at December 31, 2010 and 2009, were approximately $76 and $40, respectively, and are recorded as health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus. The Company recognized approximately $92 and $55 for changes in prior year Medicare risk factor estimates for the years ended December 31, 2010 and 2009, respectively, which is recorded as net premium income within the statutory basis statements of operations.

Net premium income also includes amounts paid by state and federal governments per member in exchange for the provision and administration of medical benefits under the Medicaid and Comprehensive Health Insurance Pool programs. Premiums are contractual and are recognized in the coverage period in which members are entitled to receive services, except in the case of the maternity payments. Maternity income is billed on contractual rates and recognized as income as each birth case is identified by the Company. Included in net premium income are capitated payments, home nursing risk-sharing payments, high dollar risk pool payments, and maternity payments. The majority of net premium income recorded is based on capitated rates, which are monthly premiums paid for each member enrolled. Home nursing risk-share income is payable based upon the number of members that qualify for such reimbursement.

The Company reports uncollected premium balances from its insured members as health care and other receivables. Uncollected premium balances that are over 90 days past due, with the exception of amounts due from government insured plans, are considered nonadmitted assets. In addition to those balances, current balances are also considered nonadmitted if the corresponding balance greater than 90 days past due is deemed more than inconsequential.

The Company participates in the Graduate Medical Education and Hospital Risk Adjustment program (GME.HRA) and the Specialty Network Access Fees (SNAF) programs with the State of Michigan. The State of Michigan utilizes Michigan Medicaid Managed Care Organizations (MCO) to pay the funds to hospitals participating in the program. As an MCO, the Company receives the program funds and the offsetting distribution requirements with their monthly State remittances. For the years ended December 31, 2010 and 2009, net premium revenues of approximately $184,299 and $159,233, respectively, and medical and hospital benefits of approximately $184,299 and $159,233 were recorded by the Company.

The Company reported net premium income exclusive of Quality Assurance and Accreditation Project (QAAP) fees of $0 and $8,247 for the years ended December 31, 2010 and 2009, respectively, in the statutory basis statements of operations. As of April 2009, QAAP was replaced with Sales and Use tax fees. These sales and use tax fees are reported in general and administrative expenses in the accompanying statutory basis statement of operations for the year ended December 31, 2010.

Reinsurance Ceded — In the normal course of business, the Company seeks to limit its exposure to loss on any single insured and to recover a portion of benefits paid by ceding premium to other insurance enterprises or reinsurers under excess coverage contracts or specific transfer of risk agreements. The Company remains primarily liable as the direct insurer on most risks reinsured. Reinsurance premiums paid and reinsurance premiums incurred but not paid are deducted from net premium income in the accompanying statutory basis financial statements.

Incentive Pool — The Company has agreements with certain independent physicians and physician network organizations that provide for the establishment of a fund into which the Company places monthly premiums payable for members assigned to the physician. The Company manages the disbursement of funds from this account as well as reviews the utilization of non-primary care medical services of members assigned to the physicians. Any surpluses or deficits in the fund are shared by the Company and the physician based upon predetermined risk-sharing percentage and the liability is included in accrued medical incentive pool and bonus amounts in the statutory basis statements of assets, liabilities, and capital and surplus, and the corresponding expense or reduction to expense is included in incentive pool, withhold adjustments, and bonus amounts in the statutory basis statements of operations.

Medical Risk Share — The Company has settlements with CMS based on whether the ultimate per member per month benefit costs of any Medicare Part D program regional plan varies more than 5% above or below the level estimated in the original bid submitted by the Company and approved by CMS in 2010 and 2009. The estimated risk share adjustment of $131 and $42 in 2010 and 2009, respectively, is recorded as an adjustment to net premium income in the statutory basis statements of operations and aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

Health Care and Other Receivables — Health care and other receivables consist of amounts due under various State programs. Health care and other receivables are considered nonadmitted assets for statutory purposes if they do not meet the admissibility requirements. Accordingly, the Company has excluded receivables that do not meet the admissibility criteria from the statutory basis statements of admitted assets, liabilities, and capital and surplus (see Note 28).

Premium Deficiency Reserves — Premium deficiency reserves and the related expense are recognized when it is probable that expected future health care expenses, claim adjustment expenses, direct administration costs, and an allocation of indirect administration costs under a group of existing contracts will exceed anticipated future premiums and reinsurance recoveries considered over the remaining lives of the contracts and are recorded as aggregate health policy reserves in the statutory basis statements of admitted assets, liabilities, and capital and surplus. Indirect administration costs arise from activities that are not specifically identifiable to a specific group of existing contracts and therefore, those costs are fully allocated among the various contract groupings. The allocation of indirect administration costs to each contract grouping is made proportionately to the expected margins remaining in the premiums after future health care expenses, claim adjustment expenses and direct administration costs are considered. The methods for making such estimates and for establishing the resulting reserves are periodically reviewed and updated, and any adjustments are reflected in increase or decrease in reserves for life and accident and health contracts in the accompanying statutory basis statements of operations in the period in which the change in estimated is identified. The Company anticipates investment income as a factor in the premium deficiency calculation. The Company does not have any premium deficiency reserves recorded as of December 31, 2010 and 2009.

Vulnerability Due to Certain Concentrations — The Company is subject to substantial federal and state government regulation, including licensing and other requirements relating to the offering of the Company's existing products in new markets and offerings of new products, both of which may restrict the Company's ability to expand its business.

Net premium income from members and CMS related to Medicare Advantage and the Medicare Part D program as a percentage of net premium income are 2% and 1% for the years ended December 31, 2010 and 2009, respectively.

Net premium income from the State of Michigan as a percentage of total net premium income is 98% and 99% for the years ended December 31, 2010 and 2009, respectively.

Restricted Cash Reserves — The Company is required by the State of Michigan to maintain a minimum regulatory deposit (currently $1,117). The Company is in compliance with this requirement as of December 31, 2010. This restricted cash reserve consists principally of government obligations and are stated at amortized cost, which approximates fair value. This reserve is included in bonds in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Interest earned on this reserve accrues to the Company.

Minimum Capital and Surplus — Under the laws of the State of Michigan, the Michigan OFIR requires the Company to maintain a minimum capital and surplus equal to $1,000. The Company has approximately $67,201 and $40,077 in total statutory basis capital and surplus as of December 31, 2010 and 2009, respectively, which is in compliance with the required amounts.

Risk-based capital (RBC) is a regulatory tool for measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The Michigan OFIR requires the Company to maintain minimum capital and surplus equal to the greater of the state statute as outlined above or the company action level as calculated by the RBC model. The Company is in compliance with the required amount.

Recently Issued Accounting Standards — In December 2010, the NAIC adopted revisions to SSAP No. 10R, *Income Taxes – Revised*, *A Temporary Replacement of SSAP No. 10* (SSAP No. 10R), which extended the effective date of the temporary replacement through the interim and annual financial statement periods of 2011. The revision to the temporary standard adds additional disclosures related to the impact of tax planning strategies and the nature of the net admitted deferred tax assets by percentage and tax character. These disclosures are incorporated in Note 9 – Income Taxes, as applicable.

In December 2010, the NAIC issued revisions to SSAP No. 100, *Fair Value Measurements* (SSAP No. 100). SSAP No. 100 established a framework for measuring fair value and establishes disclosure requirements about fair value. The original statement was early adopted for December 31, 2009, with interim and annual financial statement reporting thereafter. The 2010 revisions to SSAP No. 100 relate to the reporting and disclosure of investments measured and reported at fair value and are effective for December 31, 2010 annual financial statements. The Company adopted the revisions to SSAP No. 100 as of December 31, 2010, and the related disclosure requirements are outlined in Note 20– Fair Value Measurements.

In October 2010, the NAIC issued SSAP No. 5R, *Liabilities, Contingencies and Impairments of Assets – Revised* (SSAP No. 5R), effective for all guarantees issued or outstanding as of December 31, 2011. The revised standard requires entities to recognize, at the inception of a guarantee, a liability for the obligations it has undertaken in issuing the guarantee, even if the likelihood of having to make payments under the guarantee is remote. The Company has preliminarily assessed the impact of the pending adoption, the results of which are expected to be immaterial to the overall financial condition, results of operations and cash flows of the Company.

2. ACCOUNTING CHANGES AND CORRECTIONS OF ERRORS

During 2010, the Company corrected tax errors in the amount of approximately $1,067 related to the prior year. In addition, the Company also recorded a true up of approximately $475 related to the 2008 Michigan Business Tax. The cumulative effect of these prior year errors were recorded by the Company through capital and surplus in accordance with SSAP No. 3, *Accounting Changes and Corrections of Errors*, and are reflected in the accompanying statutory basis statements of changes in capital and surplus for the twelve months ended December 31, 2010.

During 2009, the Company determined that nonadmitted goodwill should have been fully amortized prior to January 1, 2008, or written off due to merger or dissolution in accordance with SSAP No. 68 – *Business Combinations and Goodwill*. The unamortized balance at December 31, 2008 of approximately $6,364 was recorded by the Company in accordance with SSAP No. 3 – *Accounting Changes and Corrections of Errors*, and is reflected in the accompanying statutory basis statements of changes in capital and surplus for the year ended December 31, 2009. As this amount was included as a nonadmitted asset, the write off had no impact on total admitted assets or total capital and surplus as reported. The error has been reflected on a gross basis within Note 13 with respect to the change in nonadmitted asset values.

In addition, during 2009, the Company corrected an understatement of pharmacy expense of approximately $2,006 and an understatement of certain deferred taxes of $999 relating to prior periods. The tax effect of the pharmacy expense adjustment was an overstatement of federal income and state income taxes incurred of approximately $781. The effect of these prior year errors of $2,224 were also recorded by the Company in accordance with SSAP No. 3, and this is reflected in the accompanying statutory basis statements of changes in capital and surplus for the year ended December 31, 2009.

3. BUSINESS COMBINATIONS AND GOODWILL

The Company was not party to a business combination during the years ended December 31, 2010 and 2009, and does not carry goodwill on its statutory basis statements of admitted assets, liabilities, and capital and surplus.

4. DISCONTINUED OPERATIONS

The Company did not discontinue any operations during 2010 and 2009.

5. INVESTMENTS

The Company has no mortgage loans, real estate loans, restructured debt, reverse mortgages, repurchase agreements, or investments in low-income housing tax credits and does not participate in securities lending activities. The Company also has no real estate property occupied by the Company, real estate property held for the production of income, or real estate property held for sale. Total proceeds on the sale of bonds and short-term investments were $5,589 and $12,369 in 2010 and 2009, respectively.

For purposes of calculating gross realized gains and losses on sales of investments, the amortized cost of each investment sold is used. The gross realized gains and losses on sales of investments totaled approximately $155 and $0, respectively, for 2010, and $236 and $(101), respectively, for 2009. The net realized gain or loss is included in net realized capital gains less capital gains tax in the accompanying statutory basis statements of operations.

As of December 31, 2010 and 2009, the amortized cost, fair value, and gross unrealized holding gains and losses of the Company's investments, excluding cash (overdrafts) and cash equivalents of approximately $9,974 and $(8,648), respectively, are as follows (in thousands):

	2010				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	$ 27,258	$ 189	$ (98)	$	$ 27,349
State and state agency	5,135	197	(2)	(4)	5,326
Municipalities and local agency	7,141	301	(10)		7,432
Corporate bonds	38,524	475	(26)	(31)	38,942
Commercial paper	63,003				63,003
Total bonds and short-term investments	$ 141,061	$ 1,162	$ (136)	$ (35)	$ 142,052

	2010				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
Less than one year	$ 109,931	$ 25	$ (26)	$	$ 109,930
One to five years	21,372	839	(4)		22,207
Five to ten years	6,416	253	(69)	(31)	6,569
Over ten years	3,342	45	(37)	(4)	3,346
Total bonds and short-term investments	$ 141,061	$ 1,162	$ (136)	$ (35)	$ 142,052

	2009				
	Amortized Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses < 1 year	Gross Unrealized Holding Losses > 1 year	Fair Value
U.S. government and agency	$ 3,937	$ 121	$ -	$ -	$ 4,058
State and state agency	5,840	310		(7)	6,143
Municipalities and local agency	8,761	384	(8)	(2)	9,135
Corporate bonds	6,808	425	(2)	(36)	7,195
Commercial paper	76,753				76,753
Total bonds and short-term investments	$ 102,099	$ 1,240	$ (10)	$ (45)	$ 103,284

Included in U.S. Government and agency securities and corporate bonds in the tables above are mortgage-backed securities, which do not have a single maturity date. For the years to maturity table above, these securities have been presented in the maturity group based on the securities' final maturity date and at an amortized cost of approximately $2,689 and fair value of approximately $2,707.

The following table illustrates the fair value and the gross unrealized losses, aggregated by investment category and length of time that the individual securities have been in a continuous unrealized loss position as of December 31, 2010 and 2009 (in thousands):

	<1 year		> 1 year			
2010	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Total Fair Value	Gross Unrealized Holding Losses
State and state agency	$ 12,813	$ (98)	$	$	$ 12,813	$ (98)
Municipalities and local agency	210	(13)	208	(4)	418	(17)
Corporate bonds	21,410	(25)	270	(31)	21,680	(56)
Total Bonds and short-term investments	$ 34,433	$ (136)	$ 478	$ (35)	$ 34,911	$ (171)

	<1 year		> 1 year			
2009	Fair Value	Gross Unrealized Holding Losses	Fair Value	Gross Unrealized Holding Losses	Total Fair Value	Gross Unrealized Holding Losses
State and state agency	$ -	$ -	$ 289	$ (7)	$ 289	$ (7)
Municipalities and local agency	792	(8)	399	(2)	1,191	(10)
Corporate bonds	515	(2)	490	(36)	1,005	(38)
Total Bonds and short-term investments	$ 1,307	$ (10)	$ 1,178	$ (45)	$ 2,485	$ (55)

The unrealized losses on investments in state and state agency obligations, municipalities and local agency obligations, and corporate bonds at December 31, 2010 and 2009 were mainly caused by interest rate increases and not by unfavorable changes in the credit ratings associated with these securities. The Company evaluates impairment at each reporting period for each of the securities whereby the fair value of the investment is less than its amortized cost. The contractual cash flows of the U.S. government and agency obligations are either guaranteed by the U.S. government or an agency of the U.S. government. It is expected that the securities would not be settled at a price less than the cost of the investment, and the Company does not intend to sell the investment until the unrealized loss is fully recovered. The Company evaluated the credit ratings of the municipalities and local agency obligations and corporate obligations, noting whether a significant deterioration since purchase or other factors which may indicate an other-than-temporary impairment, such as the length of time and extent to which fair value has been less than cost, the financial condition, and near-term prospects of the issuer as well as specific events or circumstances that may influence the operations of the issuer, and the Company's intent to sell the investment. Additionally, the Company evaluated its intent and ability to retain mortgage-backed securities for a period of time sufficient to recover the amortized cost. As a result of this review, the Company recorded other-than-temporary impairments of $3 and $20 as of December 31, 2010 and 2009, respectively, which is included in net realized capital gains less capital gains tax in the statutory basis statements of operations.

As of December 31, 2010 and 2009, the Company has classified mortgage-backed securities that have other-than-temporary impairments as intent to sell. For the remaining mortgage-backed securities, the Company has the intent and ability to retain the investment in the security for a period of time sufficient to recover the amortized cost basis and determined that the present value of cash flows to be collected is equal or exceeds the amortized cost basis of the security, as of December 31, 2010 and 2009. The table below illustrates the aggregate other-than-temporary impairments recognized on mortgage-backed securities classified on the basis for the other-than-temporary impairment during 2009 (in thousands):

2009	**Amortized Cost Basis Before Other-Than-Temporary Impairment**	**Other-Than Temporary Impairment Recognized in Realized Loss**	**Fair Value**	**Amortized Cost After Other-than-Temporary Impairment**
Aggregate intent to sell	$ 145	$ 18	$ 127	$ 127

The Company did not recognize any other than temporary impairments on mortgage-backed securities as of December 31, 2010.

The Company did not recognize any other-than-temporary impairments on mortgage-backed securities due to an inability or lack of intent to retain the investment in the security for a period of time sufficient to recover the amortized cost basis, or where the present value of cash flows expected to be collected is less than the amortized cost basis of the security, as of December 31, 2010 and 2009.

The following table illustrates the fair value, gross unrealized losses, and length of time that the mortgage-backed securities have been in a continuous unrealized loss position at December 31, 2010 and 2009 (in thousands):

	<1 Year		> 1 Year			
2010	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**
Fixed income — mortgage	$ 3,577	$ (30)	$	$	$ 3,577	$ (30)

	<1 Year		> 1 Year			
2009	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**	**Fair Value**	**Gross Unrealized Holding Losses**
Fixed income — mortgage	$	$	$ 223	$ (2)	$ 223	$ (2)

6. JOINT VENTURES, PARTNERSHIPS, AND LIMITED LIABILITY COMPANIES

The Company has no investments in joint ventures, partnerships, or limited liability companies.

7. INVESTMENT INCOME

The Company has admitted all investment income due and accrued in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

The components of net investment income earned at December 31, 2010 and 2009 are as follows (in thousands):

	2010	**2009**
Bonds	$ 1,043	$ 1,414
Cash and short-term investments	159	229
Total investment income	1,202	1,643
Expenses — investment management fees	(48)	(26)
Net investment income earned	$ 1,154	$ 1,617

8. DERIVATIVE INSTRUMENTS

The Company has no derivative instruments.

9. INCOME TAXES

The components of the net deferred income taxes for the years ended December 31, 2010 and 2009, are as follows (in thousands):

	2010			2009			Change		
	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Gross deferred tax asset	$ 1,756	$ 6	$ 1,762	$ 2,074	$ 6	$ 2,080	$ (318)	$ -	$ (318)
Statutory valuation allowance	1,065	6	1,071	1,295		1,295	(230)	6	(224)
Adjusted gross deferred tax asset	691	-	691	779	6	785	(88)	(6)	(94)
Gross deferred tax liabilitites	15		15	8		8	7		7
Net deferred tax asset	676	-	676	771	6	777	(95)	(6)	(101)
Non-admitted deferred tax asset									
Net admitted deferred tax asset	$ 676	$ -	$ 676	$ 771	$ 6	$ 777	$ (95)	$ (6)	$ (101)

The components of the adjusted gross deferred tax assets admissibility calculation under SSAP No. 10R, *Income Taxes – Revised, A Temporary Replacement of SSAP No. 10*, are as follows (in thousands):

SSAP 10R Paragraph		2010 Ordinary	2010 Capital	2010 Total
¶ 10.a	Federal income taxes recoverable through loss carryback	691	0	691
¶ 10.b.i.	Adjusted gross deferred tax assets expected to be realized within one year of the balance sheet date not recovered via loss carrybacks	0	0	0
¶ 10.b.ii.	Ten percent adjusted statutory capital and surplus shown on most recently filed financial statement	N/A	N/A	1,673
	Admitted pursuant to ¶ 10b (lesser of i. or ii.)	0	0	0
¶ 10.c	Adjusted gross deferred tax assets after application of above items that can be offset against existing gross deferred tax liabilities	0	0	0
	Admitted deferred tax asset	691	0	691

SSAP 10R Paragraph		2009 Ordinary	2009 Capital	2009 Total
¶ 10.a	Federal income taxes recoverable through loss carryback	777	0	777
¶ 10.b.i.	Adjusted gross deferred tax assets expected to be realized within one year of the balance sheet date not recovered via loss carrybacks	0	0	0
¶ 10.b.ii.	Ten percent adjusted statutory capital and surplus shown on most recently filed financial statement	N/A	N/A	3,775
	Admitted pursuant to ¶ 10b (lesser of i. or ii.)	0	0	0
¶ 10.c	Adjusted gross deferred tax assets after application of above items that can be offset against existing gross deferred tax liabilities	8	0	8
	Admitted deferred tax asset	785	0	785

The Company has not elected to admit additional deferred tax assets under the expanded admissibility test.

The results from the deferred tax asset admissibility calculation in relation to total assets and total capital and surplus is presented below (in thousands):

	Ordinary	Capital	Total	Ordinary	Capital	Total	Ordinary	Capital	Total
Net admitted deferred tax asset	$ 691	$ -	$ 691	$ 779	$ 6	$ 785	$ (88)	$ (6)	$ (94)
Total assets			$ 159,635			$ 111,300			$ 48,878
Total capital and surplus			$ 67,202			$ 37,748			$ (21,014)
Total capital and surplus from net deferred tax assets			$ 67,202			$ 37,748			$ (1,160)

No additional adjusted gross deferred tax assets are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus as a result of tax-planning strategies.

There are no unrecognized deferred tax liabilities.

The current federal income taxes incurred for the years ended December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009
Federal income taxes incurred	$ 1,242	$ (767)
Capital gains tax	54	17
Total current federal income taxes incurred	$ 1,296	$ (750)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities at December 31, 2010 and 2009, are as follows (in thousands):

	2010	2009	Change
Ordinary deferred tax assets:			
Unpaid losses and CAE	$ 519	$ 458	$ 61
Premiums received in advance	2		2
Intangibles	1,225	1,386	(161)
Nonadmitted assets	10	158	(148)
Fixed assets		72	(72)
Bad debt			0
General expenses due and accrued			0
Subtotal ordinary gross deferred tax asset	1,756	2,074	(318)
Statutory valuation allowance - ordinary	(1,065)	(1,295)	230
Adjusted ordinary gross deferred tax asset	691	779	(88)
Nonadmitted ordinary deferred tax asset			0
Admitted ordinary deferred tax asset	691	779	(88)
Capital deferred tax assets:			
Investments	6	6	0
Unrealized gains/losses	-	-	0
Subtotal capital gross deferred tax asset	6	6	-
Statutory valuation allowance - capital	(6)	0	(6)
Adjusted capital gross deferred tax asset	-	6	(6)
Nonadmitted capital deferred tax asset			0
Admitted capital deferred tax asset	-	6	(6)
Total admitted deferred tax asset	691	785	(94)
Ordinary deferred tax liabilities:			
Investments	15	8	7
Subtotal ordinary gross deferred tax liability	15	8	7
Capital deferred tax liabilities:			
Investments	-	-	0
Unrealized gains/losses			0
Subtotal capital gross deferred tax liability	-	-	-
Total deferred tax liabilities	15	8	7
Net deferred tax asset	$ 676	$ 777	$ (101)

The Company assessed the potential realization of the gross deferred tax asset and established a valuation allowance of $1,071 and $1,295 to reduce the gross deferred tax asset to $691 and $785 as of December 31, 2010 and 2009, respectively which represents the amount of the asset estimated to be recoverable via carryback of losses and reduction of future taxes. The application of the statutory valuation allowance is required under SSAP No. 10R effective for 2009 through 2011. The change in the valuation allowance is attributable to the change in timing of deductibility of expenses and/or expectations for future taxable income.

No additional adjusted gross deferred tax assets are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus as a result of tax-planning strategies.

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate of 35% to net income before federal income taxes plus capital gains taxes/less capital gains tax benefit. The significant items causing this difference are as follows (in thousands):

Tax provision at the federal statutory rate	$ 1,623	$ (495)
Tax-exempt interest	(157)	(209)
Change in statutory valuation allowance	(224)	1,296
Tax effect of nonadmitted assets	149	(12)
Other	6	17
Total	$ 1,397	$ 597
Current federal income tax provision	$ 1,242	$ (767)
Change in net deferred income tax (including SSAP 3 adjustments)	54	1,347
Tax on capital gains	101	17
Total statutory income taxes	$ 1,397	$ 597

At December 31, 2010, the Company had no net operating losses.

Current federal income taxes recoverable of $1,124 and $5,901 as of December 31, 2010 and 2009, respectively, are included in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus. Federal income taxes received, net of refunds, was $4,849 and federal income taxes paid, net of refunds was $4,634 in 2010 and 2009, respectively.

Federal income taxes incurred of $1,288 and $0 for 2010 and 2009, respectively, is available for recoupment in the event of future net losses.

The Company has not admitted any aggregate amounts of deposits that are included within Section 6603 ("Deposits made to suspend running of interest on potential underpayments, etc.") of the Internal Revenue Service Code.

The Company does not have a provision for tax contingencies recorded as of December 31, 2010 or 2009.

The Company is included in a consolidated federal income tax return with its ultimate parent, UnitedHealth Group. The entities included within the consolidated return are included in NAIC Statutory Statement Schedule Y – Information Concerning Activities of Insurer Members Of A Holding Company Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, approved by the Board of Directors, under which taxes approximate the amount that would have been computed on a separate company basis, with the exception of net operating losses and capital losses. For these losses, the Company receives a benefit at the federal rate in the current year for current taxable losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the U.S. federal jurisdiction, various states, and foreign jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2009 and prior. UnitedHealth Group's 2010 tax return is under advance review by the IRS under its Compliance Assurance Program (CAP). With the exception of a few states, UnitedHealth Group is no longer subject to income tax examinations prior to 2004 in major state and foreign jurisdictions. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

Pursuant to the terms of a management agreement, UHS will provide management services to the Company, until terminated upon the written agreement of both parties, for a fee based on a percentage of net premium income and change in unearned premium reserves and reserve for rate credits. Management fees under this arrangement totaled approximately $72,727 and $60,747 in 2010 and 2009, respectively, and are included in general administrative expenses and claims adjustment expenses in the accompanying statutory basis statements of operations. In addition, UHS pays, on the Company's behalf, certain expenses not covered within the scope of the management agreement. UHS is reimbursed for these expenses by the Company.

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

The Company has some premium payments that are received and some claim payments that are processed by an affiliated UnitedHealth Group entity. Both premiums and claims applicable to the Company are settled at regular intervals throughout the month via the intercompany settlement process and any amounts outstanding are reflected in amounts due to parent, subsidiaries, and affiliates in the accompanying statutory basis statements of admitted assets, liabilities and capital and surplus.

The Company has a reinsurance agreement with UnitedHealthcare Insurance Company (UHIC) to cover certain inpatient hospital claims in excess of defined limits. Reinsurance premiums, which are calculated on a per member per month basis, of approximately $1,732 and $1,479 in 2010 and 2009, respectively, are netted against net premium income in the accompanying statutory basis statements of operations. Reinsurance recoveries of approximately $441 and $414 in 2010 and 2009, respectively, are included in net reinsurance recoveries in the accompanying statutory basis statements of operations. There was $431 and $1,378 of estimated reinsurance claim recoveries related to this agreement included in claims unpaid in the statutory basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2010 and 2009, respectively. Reinsurance contracts do not relieve the Company from its obligations to policyholders. Failure of reinsurers to honor their obligations could result in losses to the Company.

The Company contracts with RxSolutions to provide personal health products catalogues showing the healthcare products and benefit credits needed to redeem the respective products. Rx Solutions will mail the appropriate personal health products catalogues to the Company's members and manage the personal health products credit balance. Rx Solutions also distributes personal health products to individual members based upon the terms of the agreement. The contract provided for tiered capitation rates as a percentage of member benefit credits. Fees related to this agreement in 2010 and 2009 of approximately $210 and $62 are included in hospital and medical expenses in the accompanying statutory basis statements of operations.

The Company holds a $10,000 subordinated revolving credit agreement with UnitedHealth Group at an interest rate of LIBOR plus a margin of 0.50%. The aggregate principal amount that may be outstanding at any time is the lesser of 3% of the Company's admitted assets or 25% of the Company's policyholder surplus as of the preceding December 31. The credit agreement is for a one-year term and automatically renews annually, unless terminated by either party. The agreement was renewed effective December 31, 2010. No amounts were outstanding under the line of credit as of December 31, 2010 and 2009.

At December 31, 2010 and 2010, the Company reported $10,562 and $4,526, respectively, as amounts due to parent, subsidiaries, and affiliates, which are included in the statutory basis statements of admitted assets, liabilities, and capital and surplus. These balances are generally settled within 90 days from the incurred date. Any balances due to the Company that are not settled within 90 days are considered nonadmitted assets.

The Company has entered into a Tax Sharing Agreement with UnitedHealth Group (see Note 9).

The Company paid dividends of $0 and $7,284 in 2010 and 2009, respectively, to its parent (see Note 13).

The Company does not have any investments in a subsidiary, controlled, or affiliated entity that exceeds 10% of admitted assets.

The Company has not extended any guarantees or undertakings for the benefit of an affiliate or related party, it does not have any investments in a foreign insurance subsidiary and it does not hold any investments in a downstream noninsurance holding company.

11. DEBT

The Company has no outstanding debt with third parties during 2010 and 2009.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no retirement plan, deferred compensation, or other benefit plans, since all personnel are employees of UHS, which provides services to the Company under the terms of a management agreement (see Note 10).

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS, AND QUASI-REORGANIZATIONS

The Company has no issued or outstanding common or preferred stock, as the entity is a limited liability company.

The insurance laws of the State of Michigan limit the amount of dividends, which may be paid from positive unassigned surplus by an insurer without prior approval by the OFIR. Under these requirements, the Company may pay dividends during any 12-month period in an amount equal to the greater of 10% of the preceding year-end statutory basis capital and surplus or the preceding year's statutory basis net income.

The Company paid an ordinary cash dividend to AmeriChoice of approximately $7,284 on October 14, 2009, which required no approval and was recorded as a reduction to unassigned surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

The Company received cash infusions of $5,000 and $20,000 on April, 21 2010 and June 30, 2010, respectively, from AmeriChoice, Inc. and was recorded as an increase to gross paid-in and contributed surplus in the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus.

There are no restrictions placed on the Company's unassigned surplus. The Company does not hold any stock, including stock of affiliated companies for special purposes, such as conversion of preferred stock, employee stock options or stock purchase warrants.

The Company does not have any special purpose funds.

The portion of unassigned funds represented or reduced by each item below is as follows (in thousands):

	2010	2009
Unrealized capital gains (losses) less capital gains tax	$	$ -
Nonadmitted asset values	28	453
Total	$ 28	$ 453

The Company has never been a party to a quasi-reorganization and does not have any outstanding surplus notes.

14. CONTINGENCIES

Because of the nature of the business, the Company is routinely made party to a variety of legal actions related to the design and management of its service offerings. The Company records liabilities for estimates of probable costs resulting from these matters. These matters include, but are not limited to, claims relating to health care benefits coverage, medical malpractice actions, contract disputes, and claims related to disclosure of certain business practices. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company's business is regulated at the federal, state and local levels. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been and is currently involved in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, state attorneys general, the Office of Inspector General (OIG), the Office of Personnel Management, the Office of Civil Rights, U.S. Congressional committees, the U.S. Department of Justice, U.S. Attorneys, the SEC, the IRS, the U.S. Department of Labor, the Federal Deposit Insurance Corporation and other governmental authorities. Examples of audits include the risk adjustment data validation (RADV) audits discussed below and a review by the U.S. Department of Labor of the Company's administration of applicable customer employee benefit plans with respect to ERISA compliance.

Government actions can result in assessment of damages, civil or criminal fines or penalties, or other sanctions, including loss of licensure or exclusion from participation in government programs and could have a material adverse impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

- Risk Adjustment Data Validation Audit. CMS adjusts capitation payments to Medicare Advantage and Medicare Part D Program plans according to the predicted health status of each beneficiary, as supported by data provided by health care providers. The Company collects claim and encounter data from providers, who the Company generally relies on to appropriately code their claim submissions and document their medical records. CMS then determines the risk score and payment amount for each enrolled member based on the health care data submitted and member demographic information.

In 2008, CMS announced that it would perform RADV audits of selected Medicare Advantage health plans each year to validate the coding practices of and supporting documentation maintained by health care providers. These audits involve a review of medical records maintained by providers and may result in retrospective adjustments to payments made to health plans. Certain UnitedHealth group health plans have been selected for audit. These audits are focused on medical records supporting risk adjustment data for 2006 that were used to determine 2007 payment amounts. Although these audits are ongoing, the Company does not believe they will have a material impact on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

In December 2010, CMS published for public comment a new proposed RADV audit and payment adjustment methodology. The proposed methodology contains provisions allowing retroactive contract level payment adjustments for the year audited using an extrapolation of the error rate identified in audit samples. The Company has submitted comments to CMS regarding concerns the Company has with CMS's proposed methodology. The concerns include, among others, the fact that the proposed methodology does not take into account the error rate in the original Medicare fee-for-service data that was used to develop the risk adjustment system. Additionally, payments received from CMS, as well as benefits offered and premiums charged to members, are based on actuarially certified bids that did not include any assumption of retroactive audit payment adjustments. The Company believes that applying retroactive audit and payment adjustments after CMS acceptance of bids undermines the actuarial soundness of the bids. On February 3, 2011, CMS notified the Company that CMS was evaluating comments and anticipated making changes to the draft methodology, based on input received by CMS. CMS indicated that the final revised RADV audit and payment adjustment methodology will be issued in the near future. Depending on the methodology utilized, potential payment adjustments could have a material adverse effect on the accompanying statutory basis statements of admitted assets, liabilities, and capital and surplus or statutory basis statements of operations of the Company.

The Company is also in discussions with the OIG for Health and Human Services regarding audits of UnitedHealth Group's risk adjustment data for two of its health plans. While the Company does not believe OIG has governing authority to directly impose payment adjustments for risk adjustment audits of Medicare health plans operated under the regulatory authority of CMS, the OIG can recommend to CMS a proposed payment adjustment, and the Company is unable to predict the outcome of these discussions and audit.

The Company is not aware of any assessments, potential or accrued, that could have a material financial effect on the operations of the entity or any gain contingencies that should be recorded or disclosed in the financial statements.

There are no assets that the Company considers to be impaired at December 31, 2010 and 2009, except as disclosed in Note 5 and Note 20.

15. LEASES

According to the management agreement between the Company and UHS (see Note 10), operating leases for the rental of office facilities and equipment are the responsibility of UHS. Fees associated with the agreement are included in the Company's management fee.

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company does not hold any financial instruments with off-balance-sheet risk or concentrations of credit risk.

17. SALE, TRANSFER, AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

The Company did not participate in any transfer of receivables, financial assets, or wash sales.

18. GAIN OR LOSS TO THE REPORTING ENTITY FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

The Medicare Part D program is a partially insured plan. The Company recorded a receivable of $1,064 and $39 at December 31, 2010 and 2009, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost sharing subsidies as described in Note 1 — *Amounts Receivable Related to Uninsured Plans*.

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD-PARTY ADMINISTRATORS

The Company did not have any direct premiums written or produced by managing general agents or third-party administrators.

20. FAIR VALUE MEASUREMENT

The NAIC SAP defines fair value, establishes a framework for measuring fair value, and outlines the disclosure requirements related to fair value measurements. The fair value hierarchy is as follows:

Level 1 — Quoted (unadjusted) prices for identical assets in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets in active markets
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time, etc.)
- Inputs other than quoted prices that are observable for the asset (interest rates, yield curves, volatilities, default rates, etc.)
- Inputs that are derived principally from or corroborated by other observable market data

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

The estimated fair values of bonds and short-term investments are based on quoted market prices, where available. The Company obtains one price for each security primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities, making adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, non-binding broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by its custodian, its investment consultant and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. Based on the Company's internal price verification procedures and review of fair value methodology documentation provided by independent pricing services, the Company has not historically adjusted the prices obtained from the pricing service.

In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The following table presents information about the Company's financial assets that are measured and reported at fair value at December 31, 2009, in the statutory basis statements of admitted assets, liabilities, and capital and surplus according to the valuation techniques the Company used to determine their fair values (in thousands):

	2009			
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair Value
U.S. government and agency	$ -	$ -	$ -	$ -
State and state agency				-
Municipalities and local agency		506		-
Corporate bonds				-
Commercial paper and money market funds				-
Total bonds and short-term investments	$ -	$ 506	$ -	$ -

The Company does not have any financial assets that are measure and reported at fair value on the statutory basis statements of admitted assets, liabilities, and capital and surplus at December 31, 2010.

There were no transfers between Levels 1 and 2 during the year ended December 31, 2009.

The Company does not have any financial assets with a fair value hierarchy of level 3.

21. OTHER ITEMS

The Company's business is regulated at federal, state and local levels, and the Company must obtain and maintain regulatory approvals to market and sell many of its products. The laws and rules governing the Company's business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products. State legislatures and Congress continue to focus on health care issues.

During the first quarter of 2010, the Patient Protection and Affordable Care Act and a reconciliation measure, the Health Care and Education Reconciliation Act of 2010 (collectively known as Health Reform Legislation), were signed into law. The Health Reform Legislation expands access to coverage and modifies aspects of the commercial insurance market, as well as the Medicaid and Medicare programs, and other aspects of the health care system. Certain provisions of the Health Reform Legislation have already taken effect, and other provisions become effective at various dates over the next several years. The Department of Health and Human Services (HHS), the Department of Labor (DOL) and the Treasury Department have issued regulations (or proposed regulations) on a number of aspects of Health Reform Legislation, but the Company awaits final rules and interim guidance on other key aspects of the legislation. Certain aspects of the Health Reform Legislation are also being challenged in federal court, with the proponents of such challenges seeking to limit the scope of or have all or portions of the Health Reform Legislation declared unconstitutional. Congress may also withhold the funding necessary to implement the Health Reform Legislation, or may attempt to replace the legislation with amended provisions or repeal it altogether.

The Health Reform Legislation and the related federal and state regulations will impact how the Company does business and could restrict revenue and enrollment growth in certain products and market segments, restrict premium growth rates for certain products and market segments, increase the Company's medical and administrative costs, expose the Company to an increased risk of liability (including increasing our liability in federal and state courts for coverage determinations and contract interpretation) or put the Company at risk for loss of business. In addition, the Company's results of operations, financial condition, including the ability to maintain the value of goodwill, and cash flows could be materially adversely affected by such changes. The Health Reform Legislation may create new or expand existing opportunities for business growth, but due to its complexity, the impact of the Health Reform Legislation remains difficult to predict and is not yet fully known.

The Company did not encounter any extraordinary items during 2010 and 2009.

The Company has no troubled debt restructurings as of December 31, 2010 and 2009.

The Company routinely evaluates the collectability of all receivable amounts included within the statutory basis statements of admitted assets, liabilities, and capital and surplus. Reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.

The Company has not received any business interruption insurance recoveries during 2010 and 2009, and does not have any state transferable tax credits or hybrid securities as of December 31, 2010 and 2009.

The Company elected to use rounding in reporting amounts in the notes to statutory basis statements.

Sub-Prime Mortgage Related Risk Exposure - The investment policy for the Company limits investments in asset-backed securities, which includes the sub-prime issuers. Further, the policy limits investments in private-issuer mortgage securities to 10% of the portfolio, which also includes sub-prime issuers. The exposure to unrealized losses on sub-prime issuers is due to changes in market prices. There are no realized losses due to not receiving anticipated cash flows. The investments covered are rated NAIC rating of 1 or 2. The Company has no direct exposure through investments in sub-prime mortgage loans. The Company has no underwriting exposure to sub-prime mortgage risk through mortgage guaranty or financial guaranty insurance coverage. The Company does not have direct exposure related to residential and commercial mortgage-backed securities.

22. EVENTS SUBSEQUENT

The Company has evaluated subsequent events through February 28, 2011, which is the date these statutory basis financial statements were available for issuance.

There are no events subsequent to December 31, 2010, that require disclosure.

23. REINSURANCE

The Company does not have any external reinsurance agreements in place as of December 31, 2010 or 2009.

In the normal course of business, the Company seeks to reduce potential losses that may arise from catastrophic events that cause unfavorable underwriting results by reinsuring certain levels of such risk with affiliated (see Note 10) reinsurers.

Ceded Reinsurance Report

Section 1 — General Interrogatories

1. Are any of non-affiliated reinsurers owned in excess of 10% or controlled, either directly or indirectly, by the Company or by any representative, officer, trustee, or director of the Company?

Yes ( ) No (X)

2. Have any policies issued by the Company been reinsured with a company chartered in a country other than the United States (excluding U.S. branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor, or any other person not primarily engaged in the insurance business?

   Yes ( ) No (X)

Section 2 — Ceded Reinsurance Report — Part A

1. Does the Company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

   Yes ( ) No (X)

2. Does the reporting entity have any reinsurance agreements in effect that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

   Yes ( ) No (X)

Section 3 — Ceded Reinsurance Report — Part B

1. What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company may consider the current or anticipated experience of the business reinsured in making this estimate.

   The Company estimates there should be no aggregate reduction in surplus for termination of all reinsurance agreements as of December 31, 2010.

2. Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Company as of the effective date of the agreement?

   Yes ( ) No (X)

Unsecured Reinsurance Recoverable — The Company does not have an unsecured aggregate reinsurance recovery receivable with any individual reinsurers, authorized or unauthorized, that exceeds 3% of the Company's policyholder surplus.

Reinsurance Recoverable in Dispute — The Company does not have a reinsurance recoverable balance that is being disputed by any individual reinsurer.

Reinsurance Assumed and Ceded — The Company does not have a provision in its reinsurance contract to return commissions to the reinsurer in the event that the Company cancels its reinsurance policy.

Uncollectible Reinsurance — During 2010 and 2009, there were no uncollectible reinsurance recoverables.

Commutation of Reinsurance — There was no commutation of reinsurance in 2010 or 2009.

Retroactive Reinsurance — The Company did not have a retroactive reinsurance agreement in 2010 or 2009.

24. RETROSPECTIVELY RATED CONTRACTS AND CONTRACTS SUBJECT TO REDETERMINATION

The Company has Medicare Part D program business that is subject to a retrospective rating feature related to Part D premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on bid medical loss ratio. The amount of Part D earned premiums subject to retrospective rating was $1,800 and $520, representing 0.02% and 0.08% of total net premium income for 2010 and 2009, respectively.

Estimated accrued retrospective premiums due to the Company are recorded in health care and other receivables on the statutory basis statements of admitted assets, liabilities, and capital and surplus and as an adjustment to net premium income in the statutory basis statements of operations.

The Company does not have any other retrospectively rated contracts subject to redetermination as of December 31, 2010 or 2009.

25. CHANGE IN INCURRED CLAIMS AND CLAIMS ADJUSTMENT EXPENSES

Changes in estimates related to the prior year incurred claims are included in total hospital and medical expenses in the current year in the accompanying statutory basis statements of operations. The following tables disclose paid claims, incurred claims, and the balance in the claims unpaid, accrued medical incentive pool and bonus amounts, and aggregate health claim reserves for 2010 and 2009 (in thousands):

	2010		
	Current Year Incurred Claims	Prior Year Incurred Claims	Total
Beginning of period claim reserve	$	$ (64,912)	$ (64,912)
Paid claims	611,518	42,601	654,119
End of period claim reserve	65,796	13,332	79,128
Incurred claims	$ 677,314	$ (8,979)	$ 668,335

	2009		
	Current Year Incurred Claims	Prior Year Incurred Claims	Total
Beginning of period claim reserve	$ -	$ (43,172)	$ (43,172)
Paid claims	530,332	26,040	556,372
End of period claim reserve	65,957	(1,046)	64,911
Incurred claims	$ 596,289	$ (18,178)	$ 578,111

The liability for claims unpaid, accrued medical incentive pool and bonus amounts, and aggregate health claim reserves at December 31, 2009 and 2008, exceeded actual claims incurred in 2010 and 2009, respectively, related to prior years by approximately $8,979 and $18,178, respectively. The primary drivers consist of favorable development as a result of ongoing analysis of loss development trends and changes to the provider settlement reserves of approximately $4,475 and GME.HRA reserve payments excluded from paid claims above of approximately $4,504. Included in this decrease, the Company experienced $2,409 of favorable prior year claim development on retrospectively rated policies. However, the business to which it relates is subject to premium adjustments.

The Company incurred claims adjustment expenses of approximately $33,084 in 2010 and $9,021 in 2009. These costs are included in the management service fees paid by the Company to UHS as a part of its management agreement (see Note 10). The following tables disclose paid claims adjustment expenses, incurred claims adjustment expenses, and the balance in the unpaid claim adjustment expenses reserve for the years ended December 31, 2010 and 2009 (in thousands):

	2010	2009
Total claims adjustment expenses incurred	$ 33,084	$ 9,021
Less current year unpaid claims adjustment expenses	935	1,485
Add prior year unpaid claims adjustment expenses	1,485	1,004
Total claims adjustment expenses paid	$ 33,634	$ 8,540

The significant increase in total claims adjustment expenses from 2009 is related to a change in the Company's allocation methodology between claims adjustment expense and general administrative expense from prior year as a result of Health Care Reform legislation enacted.

26. INTERCOMPANY POOLING ARRANGEMENTS

The Company did not have any intercompany pooling arrangements in 2010 or 2009.

27. STRUCTURED SETTLEMENTS

The Company did not have any structured settlements in 2010 or 2009.

28. HEALTH CARE AND OTHER RECEIVABLES

The Company admitted approximately $2,654 and $6,594 for capitation receivables under the Company's Medicaid contract with the State of Michigan in 2010 and 2009, respectively. The Company also participates in a "maternity case rate" program as part of the Company's contract with the State of

Michigan. The Company receives a lump-sum amount per delivery based on residence and age of the member. This program is available for both existing and new members of the Company, subject to fulfillment of specific eligibility criteria. The amount receivable related to this program was $2,335 and $2,967 at December 31, 2010 and 2009, respectively. In 2009, the Company participated with the State of Michigan in a drug carve out program. This program required the state to pay all psychotropic drug expenses, which were incurred by the Company. The Company no longer participates in the drug carve out program. The amount receivable related to this program was $0 and $1,179 at December 31, 2010 and 2009, respectively. These amounts are included in health care and other receivables in the statutory basis statements of admitted assets, liabilities, and capital and surplus.

29. PARTICIPATING POLICIES

The Company did not have any participating contracts in 2010 or 2009.

30. PREMIUM DEFICIENCY RESERVES

The Company had no liability for premium deficiency reserves as of December 31, 2010 and 2009, respectively.

31. ANTICIPATED SALVAGE AND SUBROGATION

Due to the type of business being written, the Company has no salvage. As of December 31, 2010 and 2009, the Company had no specific accruals established for outstanding subrogation, as it is considered a component of the actuarial calculations used to develop the estimates of claims unpaid and aggregate health claim reserves.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES
GENERAL

1.1 Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer? Yes [X] No [ ]

1.2 If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations? Yes [X] No [ ] N/A [ ]

1.3 State Regulating? Michigan

2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity? Yes [X] No [ ]

2.2 If yes, date of change: 01/01/2011

3.1 State as of what date the latest financial examination of the reporting entity was made or is being made. 12/31/2007

3.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released. 12/31/2007

3.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date). 06/22/2009

3.4 By what department or departments?
State of Michigan Office of Financial and Insurance Regulation

3.5 Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments? Yes [X] No [ ] N/A [ ]

3.6 Have all of the recommendations within the latest financial examination report been complied with? Yes [X] No [ ] N/A [ ]

4.1 During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.11 sales of new business? Yes [ ] No [X]
4.12 renewals? Yes [ ] No [X]

4.2 During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
4.21 sales of new business? Yes [ ] No [X]
4.22 renewals? Yes [ ] No [X]

5.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement? Yes [ ] No [X]

5.2 If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

6.1 Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? Yes [ ] No [X]

6.2 If yes, give full information:

7.1 Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity? Yes [ ] No [X]

7.2 If yes,
7.21 State the percentage of foreign control; %
7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [ ] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [X] No [ ]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC
OptumHealth Bank	Salt Lake City, Utah				YES	

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche, LLP: Minneapolis, MN

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [ ] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions to the audit committee requirements as allowed in Section 14H of the Annual Financial Reporting Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 17A of the Model Regulation, or substantially similar state law or regulation? Yes [ ] No [X]

10.6 If the response to 10.5 is yes, provide information related to this exemption:

10.7 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [ ] N/A [ ]

10.8 If the response to 10.7 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Jed L. Linfield, Director of Actuarial Reserving Services for the entity, Suite 400, 12018 Sunrise Valley Drive, Reston, VA 20191

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [ ] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value $

12.2 If, yes provide explanation:

13. **FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:**

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [ ] No [ ]

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [ ] No [ ]

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [ ] No [ ] N/A [ ]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards? Yes [X] No [ ]
(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
(c) Compliance with applicable governmental laws, rules and regulations;
(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
(e) Accountability for adherence to the code.

14.11 If the response to 14.1 is No, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [ ] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s).

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [ ] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

BOARD OF DIRECTORS

15. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof? Yes [X] No [ ]
16. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof? Yes [X] No [ ]
17. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict with the official duties of such person? Yes [X] No [ ]

FINANCIAL

18. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)? Yes [ ] No [X]

19.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.11 To directors or other officers $
- 19.12 To stockholders not officers $
- 19.13 Trustees, supreme or grand (Fraternal Only) $

19.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 19.21 To directors or other officers $
- 19.22 To stockholders not officers $
- 19.23 Trustees, supreme or grand (Fraternal Only) $

20.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement? Yes [ ] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:
- 20.21 Rented from others $
- 20.22 Borrowed from others $
- 20.23 Leased from others $
- 20.24 Other $

21.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments? Yes [ ] No [X]

21.2 If answer is yes:
- 21.21 Amount paid as losses or risk adjustment $
- 21.22 Amount paid as expenses $
- 21.23 Other amounts paid $

22.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement? Yes [ ] No [X]

22.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount: $

INVESTMENT

23.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 23.3) Yes [X] No [ ]

23.2 If no, give full and complete information relating thereto

23.3 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)

23.4 Does the Company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions? Yes [ ] No [ ] N/A [X]

23.5 If answer to 23.4 is yes, report amount of collateral for conforming programs. $

23.6 If answer to 23.4 is no, report amount of collateral for other programs. $

23.7 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract? Yes [ ] No [ ] N/A [X]

23.8 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%? Yes [ ] No [ ] N/A [X]

23.9 Does the reporting entity or the reporting entity 's securities lending agent utilize the Master Securities lending Agreement (MSLA) to conduct securities lending? Yes [ ] No [ ] N/A [X]

GENERAL INTERROGATORIES

24.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 20.1 and 23.3). Yes [X] No [ ]

24.2 If yes, state the amount thereof at December 31 of the current year:

24.21 Subject to repurchase agreements	$
24.22 Subject to reverse repurchase agreements	$
24.23 Subject to dollar repurchase agreements	$
24.24 Subject to reverse dollar repurchase agreements	$
24.25 Pledged as collateral	$
24.26 Placed under option agreements	$
24.27 Letter stock or other securities restricted as to sale	$
24.28 On deposit with state or other regulatory body	$ 1,117,025
24.29 Other	$

24.3 For category (24.27) provide the following:

1 Nature of Restriction	2 Description	3 Amount

25.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [ ] No [X]

25.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [ ] No [ ] N/A [ ]
If no, attach a description with this statement.

26.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [ ] No [X]

26.2 If yes, state the amount thereof at December 31 of the current year. $

27. Excluding items in Schedule E - Part 3 - Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III - General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No [ ]

27.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
State Street Bank	801 Pennsylvania Avenue, Kansas City, MO 64105
Bank of New York Mellon	Global Liquidity Services, 1 Wall Street, 14th floor, New York, NY 10286

27.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

27.03 Have there been any changes, including name changes, in the custodian(s) identified in 27.01 during the current year? Yes [ ] No [X]

27.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

27.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of brokers/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
106595	Wellington Management Company, LLP	75 State Street, Boston, MA 02109
107038	JP Morgan Investment Management Inc.	245 Park Avenue, New York, NY 10167

GENERAL INTERROGATORIES

28.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5(b)(1)])? Yes [ ] No [X]

28.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
28.2999 - Total		0

28.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation

29. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1 Statement (Admitted) Value	2 Fair Value	3 Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
29.1 Bonds	41,826,282	42,127,757	301,475
29.2 Preferred stocks	0		0
29.3 Totals	41,826,282	42,127,757	301,475

29.4 Describe the sources or methods utilized in determining the fair values:

For those securities that had prices in the NAIC SVO ISIS database, those prices were used; for those securities that did not have prices in the NAIC SVO database, GAAP pricing was used. GAAP pricing was obtained from HUB which is an external data sources vendor. Hub utilizes various pricing sources.

30.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [ ] No [X]

30.2 If the answer to 30.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [ ] No [ ]

30.3 If the answer to 30.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

31.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed? Yes [X] No [ ]

31.2 If no, list exceptions:

GENERAL INTERROGATORIES

OTHER

32.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any? $

32.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid

33.1 Amount of payments for legal expenses, if any? $

33.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid

34.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? $

34.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [ ] No [X]

1.2 If yes, indicate premium earned on U.S. business only. $

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? $

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above $

1.5 Indicate total incurred claims on all Medicare Supplement Insurance. $ 0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned $ 0

1.62 Total incurred claims $ 0

1.63 Number of covered lives 0

All years prior to most current three years:

1.64 Total premium earned $ 0

1.65 Total incurred claims $ 0

1.66 Number of covered lives 0

1.7 Group policies:

Most current three years:

1.71 Total premium earned $ 0

1.72 Total incurred claims $ 0

1.73 Number of covered lives 0

All years prior to most current three years:

1.74 Total premium earned $ 0

1.75 Total incurred claims $ 0

1.76 Number of covered lives 0

2. Health Test:

		1 Current Year	2 Prior Year
2.1	Premium Numerator	800,242,736	679,558,690
2.2	Premium Denominator	800,242,736	679,558,690
2.3	Premium Ratio (2.1/2.2)	1.000	1.000
2.4	Reserve Numerator	79,257,938	64,953,284
2.5	Reserve Denominator	79,257,938	64,953,284
2.6	Reserve Ratio (2.4/2.5)	1.000	1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? Yes [ ] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency? Yes [X] No [ ]

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? Yes [ ] No [X]

5.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No [ ]

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical $

5.32 Medical Only $ 300,000

5.33 Medicare Supplement $

5.34 Dental & Vision $

5.35 Other Limited Benefit Plan $

5.36 Other $

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

Hold harmless clauses in provider agreements and continuation of coverage endorsements in reinsurance agreement

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis? Yes [X] No [ ]

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year 5,239

8.2 Number of providers at end of reporting year 6,024

9.1 Does the reporting entity have business subject to premium rate guarantees? Yes [ ] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months $

9.22 Business with rate guarantees over 36 months $

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts? Yes [X] No [ ]

10.2 If yes:

10.21 Maximum amount payable bonuses	$	1,195,824
10.22 Amount actually paid for year bonuses	$	4,122,496
10.23 Maximum amount payable withholds	$	
10.24 Amount actually paid for year withholds	$	

11.1 Is the reporting entitiy organized as:

11.12 A Medical Group/Staff Model,	Yes [ ] No [X]
11.13 An Individual Practice Association (IPA), or,	Yes [X] No [ ]
11.14 A Mixed Model (combination of above)?	Yes [ ] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements? Yes [X] No [ ]

11.3 If yes, show the name of the state requiring such net worth. Michigan

11.4 If yes, show the amount required. $ 44,464,136

11.5 Is this amount included as part of a contingency reserve in stockholder's equity? Yes [ ] No [X]

11.6 If the amount is calculated, show the calculation

200% RBC

12. List service areas in which reporting entity is licensed to operate:

1 Name of Service Area
Barrien County, MI
Branch County, MI
Calhoun County, MI
Cass County, MI
Hillsdale County, MI
Hurron County, MI
Jackson County, MI
Kalamazoo County, MI
Lenawee County, MI
Livingston County, MI
Maccomb County, MI
Oakland County, MI
Saginaw County, MI
Sanilac County, MI
St. Clair County, MI
St. Joseph County, MI
Tuscola County, MI
Van Burren County, MI
Wayne County, MI

13.1 Do you act as a custodian for health savings accounts? Yes [ ] No [X]

13.2 If yes, please provide the amount of custodial funds held as of the reporting date. $

13.3 Do you act as an administrator for health savings accounts? Yes [ ] No [X]

13.4 If yes, please provide the balance of funds administered as of the reporting date. $

FIVE-YEAR HISTORICAL DATA

		1 2010	2 2009	3 2008	4 2007	5 2006
	Balance Sheet (Pages 2 and 3)					
1.	Total admitted assets (Page 2, Line 28)	159,635,325	111,300,522	97,862,253	84,701,494	71,333,966
2.	Total liabilities (Page 3, Line 24)	92,433,488	71,223,224	47,923,716	42,723,268	35,958,408
3.	Statutory surplus	44,464,136	38,744,530	15,238,304	41,978,226	17,762,258
4.	Total capital and surplus (Page 3, Line 33)	67,201,837	40,077,299	49,938,537	41,978,226	35,375,558
	Income Statement (Page 4)					
5.	Total revenues (Line 8)	800,154,450	671,311,461	510,562,000	413,965,012	261,943,980
6.	Total medical and hospital expenses (Line 18)	668,335,090	578,111,195	449,006,705	367,281,129	229,458,279
7.	Claims adjustment expenses (Line 20)	33,083,874	9,020,600	6,467,793	5,927,861	5,582,735
8.	Total administrative expenses (Line 21)	95,403,114	87,326,478	48,700,511	35,408,122	27,473,782
9.	Net underwriting gain (loss) (Line 24)	3,332,373	(3,146,812)	6,386,991	5,347,900	(570,815)
10.	Net investment gain (loss) (Line 27)	1,252,513	1,715,086	2,928,208	3,637,618	2,976,262
11.	Total other income (Lines 28 plus 29)	0	0	0	0	0
12.	Net income or (loss) (Line 32)	3,342,174	(664,129)	5,740,927	6,949,976	1,391,290
	Cash Flow (Page 6)					
13.	Net cash from operations (Line 11)	26,807,163	11,767,365	13,041,848	15,224,463	18,185,429
	Risk-Based Capital Analysis					
14.	Total adjusted capital	67,201,836	40,077,299	49,938,537	41,978,226	35,375,558
15.	Authorized control level risk-based capital	22,232,068	19,372,265	15,238,304	17,200,054	8,881,129
	Enrollment (Exhibit 1)					
16.	Total members at end of period (Column 5, Line 7)	236,177	208,474	176,055	160,502	142,619
17.	Total members months (Column 6, Line 7)	2,722,965	2,294,672	2,031,538	1,852,913	1,447,116
	Operating Percentage (Page 4) (Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18.	Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19.	Total hospital and medical plus other non-health (Lines 18 plus Line 19)	83.5	85.1	83.1	83.4	82.3
20.	Cost containment expenses	3.7	0.9	0.9	1.0	1.4
21.	Other claims adjustment expenses	0.4	0.5	0.3	0.3	0.6
22.	Total underwriting deductions (Line 23)	99.6	99.2	93.3	92.8	94.2
23.	Total underwriting gain (loss) (Line 24)	0.4	(0.5)	1.2	1.2	(0.2)
	Unpaid Claims Analysis (U&I Exhibit, Part 2B)					
24.	Total claims incurred for prior years (Line 13, Col. 5)	55,932,780	24,993,488	26,456,537	21,630,155	15,364,980
25.	Estimated liability of unpaid claims-[prior year (Line 13, Col. 6)]	64,911,875	43,171,484	38,672,401	26,581,927	19,120,845
	Investments In Parent, Subsidiaries and Affiliates					
26.	Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27.	Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)			0	0	0
28.	Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)			0	0	0
29.	Affiliated short-term investments (subtotal included in Schedule DA Verification, Col. 5, Line 10)	0	0	0	0	0
30.	Affiliated mortgage loans on real estate					
31.	All other affiliated					
32.	Total of above Lines 26 to 31	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3, Accounting Changes and Correction of Errors? Yes [ ] No [ ]

If no, please explain:

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories

		1	Direct Business Only							
			2	3	4	5	6	7	8	9
States, etc.		Active Status	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL	N							0	
2. Alaska	AK	N							0	
3. Arizona	AZ	N							0	
4. Arkansas	AR	N							0	
5. California	CA	N							0	
6. Colorado	CO	N							0	
7. Connecticut	CT	N							0	
8. Delaware	DE	N							0	
9. District of Columbia	DC	N							0	
10. Florida	FL	N							0	
11. Georgia	GA	N							0	
12. Hawaii	HI	N							0	
13. Idaho	ID	N							0	
14. Illinois	IL	N							0	
15. Indiana	IN	N							0	
16. Iowa	IA	N							0	
17. Kansas	KS	N							0	
18. Kentucky	KY	N							0	
19. Louisiana	LA	N							0	
20. Maine	ME	N							0	
21. Maryland	MD	N							0	
22. Massachusetts	MA	N							0	
23. Michigan	MI	L		17,487,030	784,488,182				801,975,212	
24. Minnesota	MN	N							0	
25. Mississippi	MS	N							0	
26. Missouri	MO	N							0	
27. Montana	MT	N							0	
28. Nebraska	NE	N							0	
29. Nevada	NV	N							0	
30. New Hampshire	NH	N							0	
31. New Jersey	NJ	N							0	
32. New Mexico	NM	N							0	
33. New York	NY	N							0	
34. North Carolina	NC	N							0	
35. North Dakota	ND	N							0	
36. Ohio	OH	N							0	
37. Oklahoma	OK	N							0	
38. Oregon	OR	N							0	
39. Pennsylvania	PA	N							0	
40. Rhode Island	RI	N							0	
41. South Carolina	SC	N							0	
42. South Dakota	SD	N							0	
43. Tennessee	TN	N							0	
44. Texas	TX	N							0	
45. Utah	UT	N							0	
46. Vermont	VT	N							0	
47. Virginia	VA	N							0	
48. Washington	WA	N							0	
49. West Virginia	WV	N							0	
50. Wisconsin	WI	N							0	
51. Wyoming	WY	N							0	
52. American Samoa	AS	N							0	
53. Guam	GU	N							0	
54. Puerto Rico	PR	N							0	
55. U.S. Virgin Islands	VI	N							0	
56. Northern Mariana Islands	MP	N							0	
57. Canada	CN	N							0	
58. Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal		XXX	0	17,487,030	784,488,182	0	0	0	801,975,212	0
60. Reporting entity contributions for Employee Benefit Plans		XXX							0	
61. Total (Direct Business)		(a) 1	0	17,487,030	784,488,182	0	0	0	801,975,212	0
DETAILS OF WRITE-INS										
5801.		XXX								
5802.		XXX								
5803.		XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898)(Line 58 above)		XXX	0	0	0	0	0	0	0	0

(L) Licensed or Chartered - Licensed Insurance Carrier or Domiciled RRG; (R) Registered - Non-domiciled RRGs; (Q) Qualified - Qualified or Accredited Reinsurer; (E) Eligible - Reporting Entities eligible or approved to write Surplus Lines in the state; (N) None of the above - Not allowed to write business in the state.

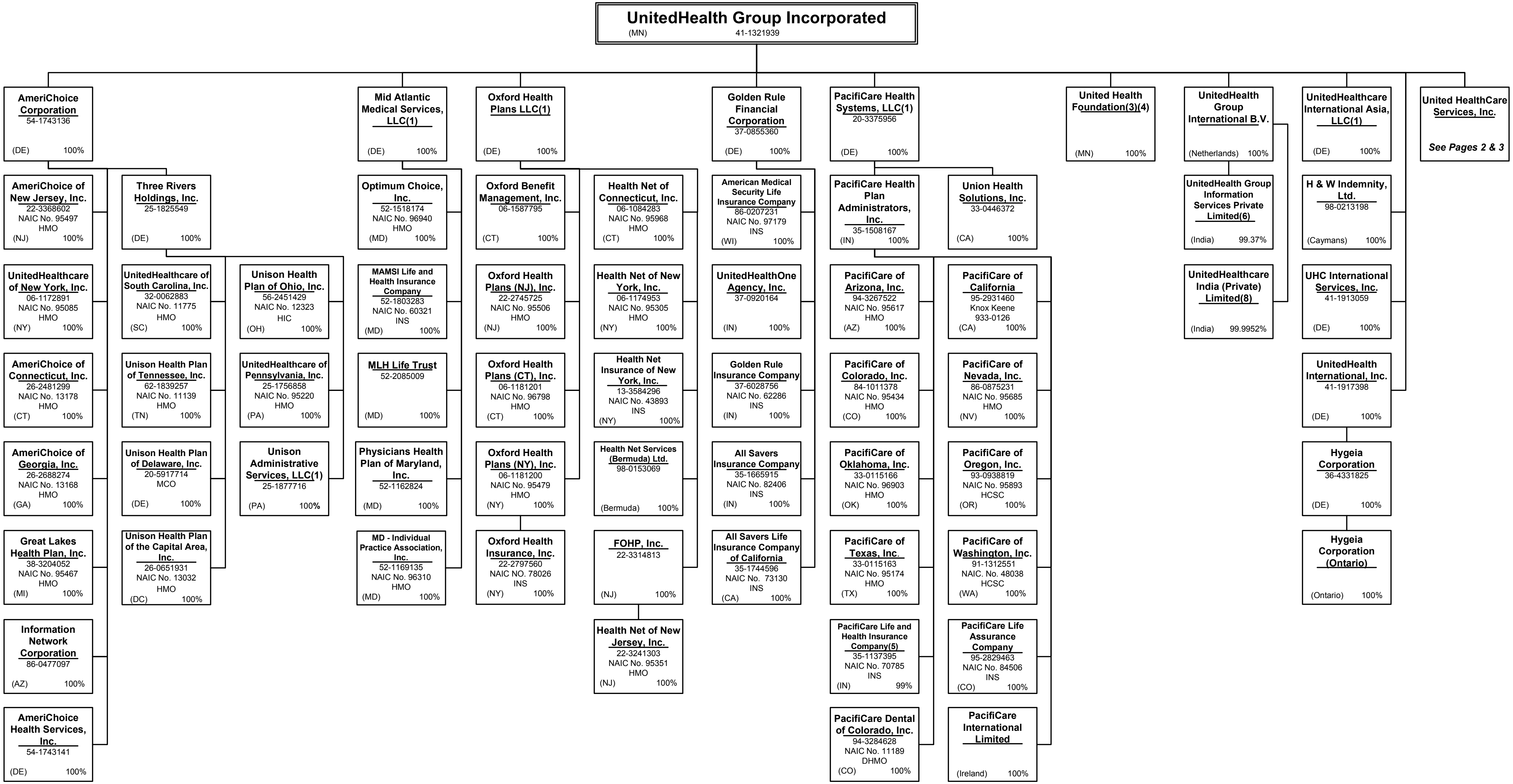
Explanation of basis of allocation by states, premiums by state, etc.

(a) Insert the number of L responses except for Canada and Other Alien.

All premiums written within the State of Michigan

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



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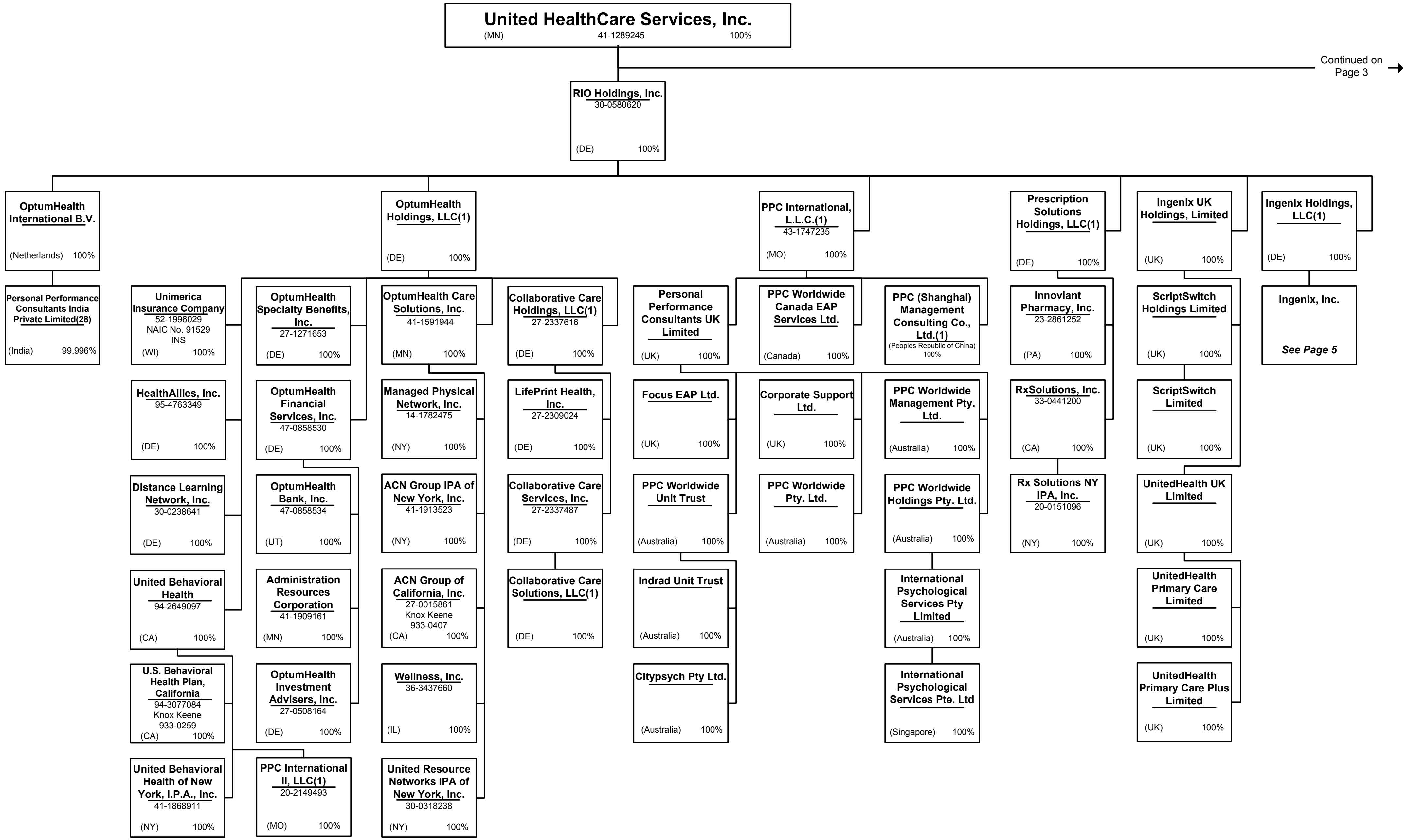
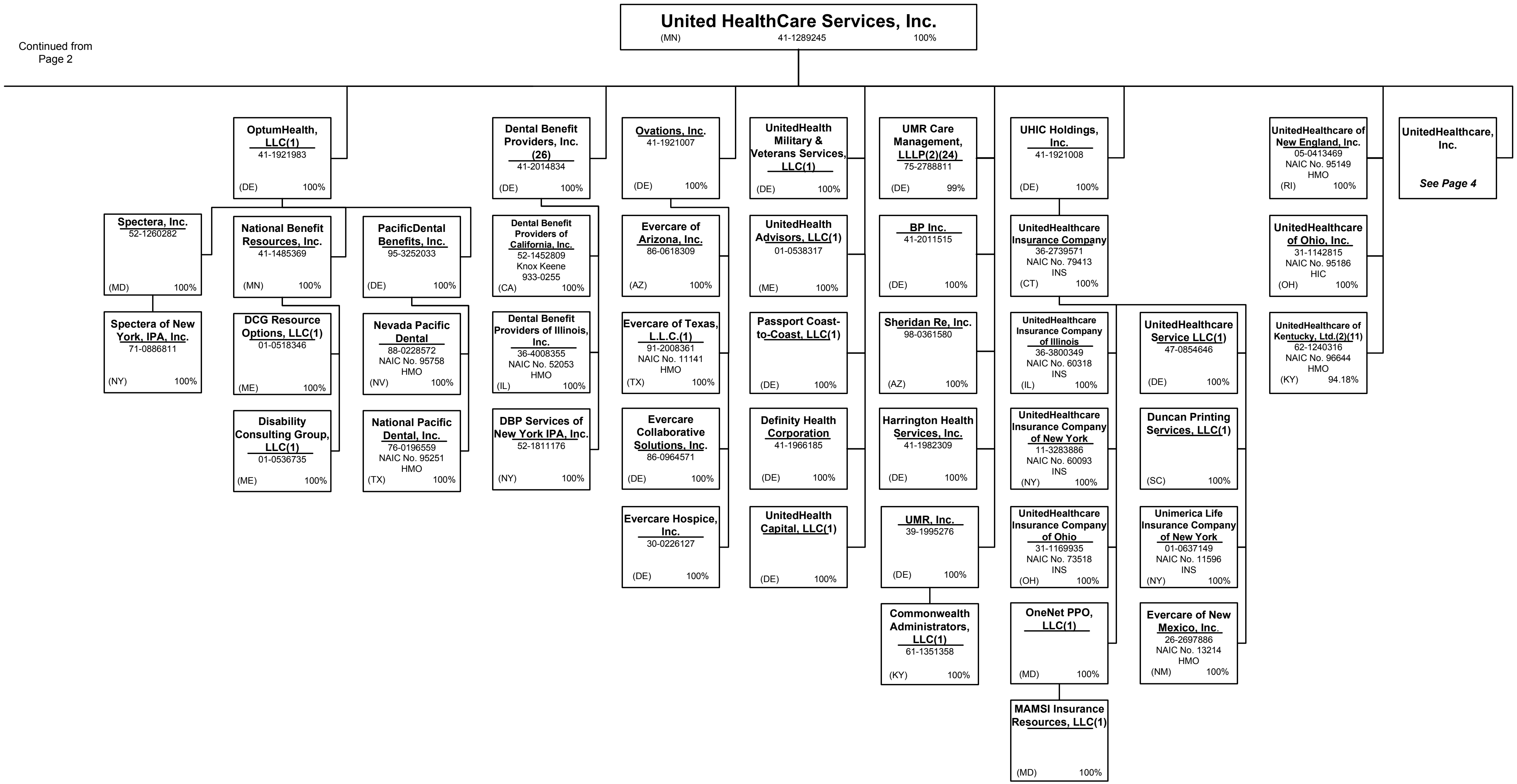
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Continued from Page 2



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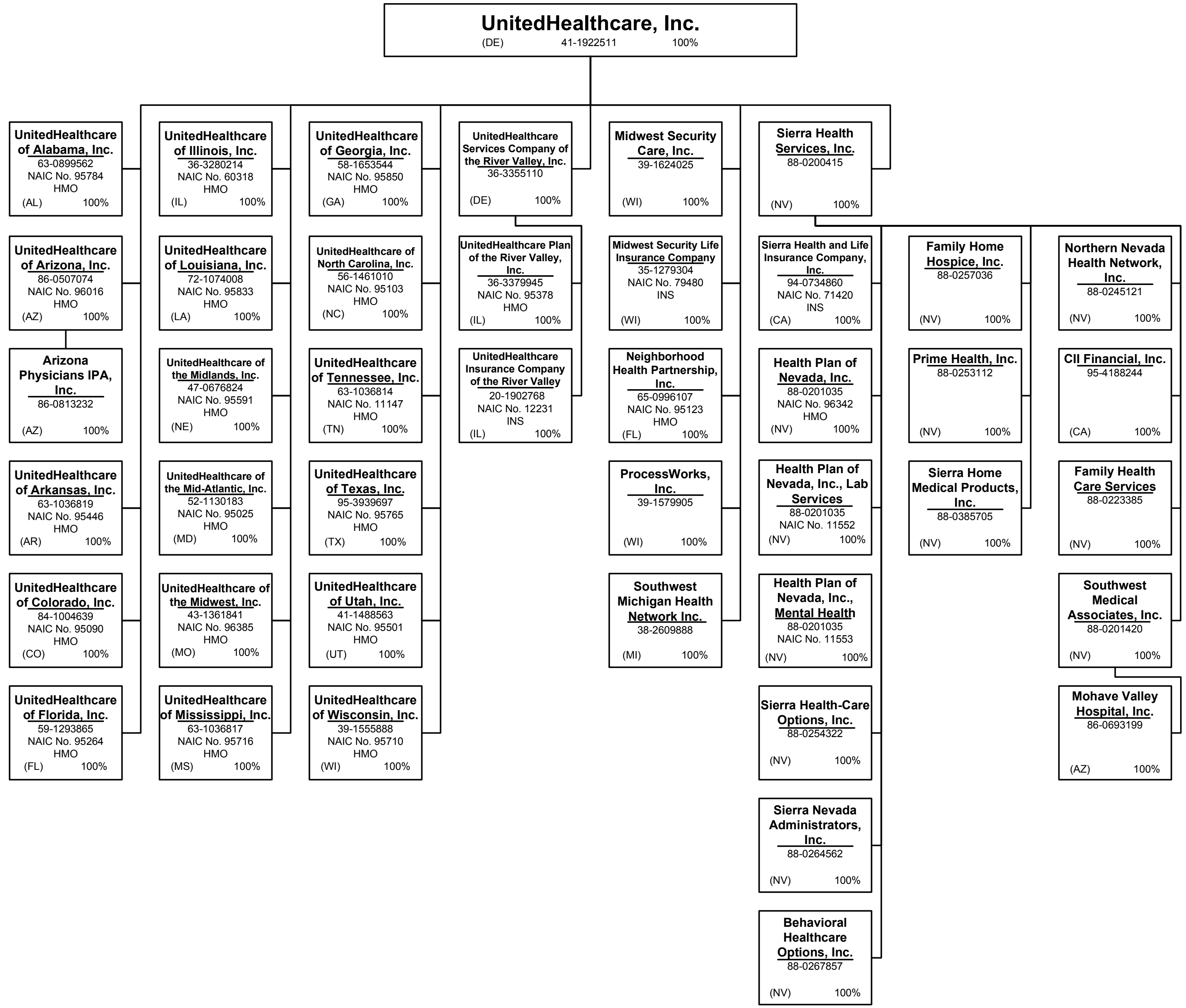

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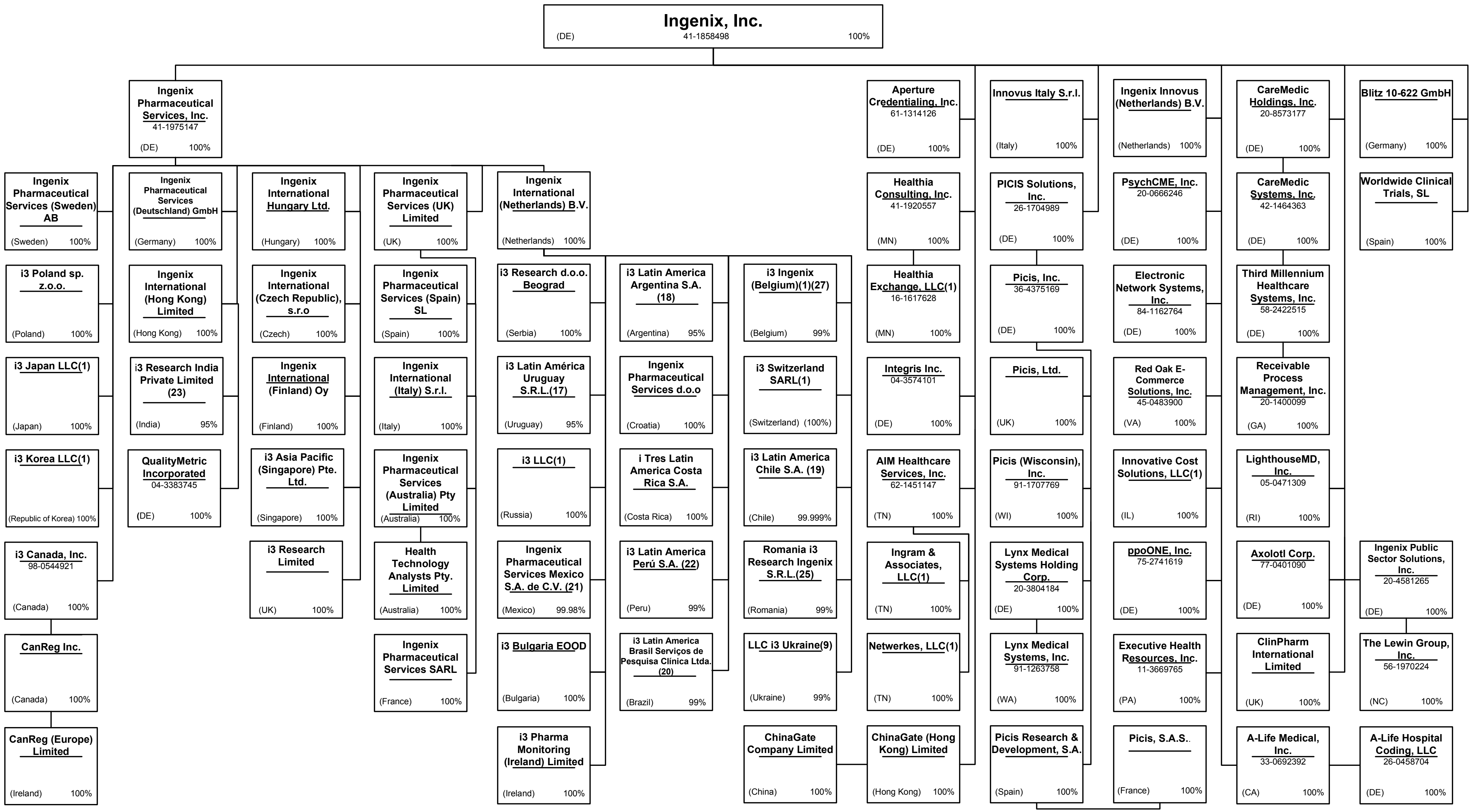
PART 1 - ORGANIZATIONAL CHART



SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

Notes

All legal entities on the Organization Chart are Corporations unless otherwise indicated.

(1) Entity is a Limited Liability Company

(2) Entity is a Partnership

(3) Entity is a Non-Profit Corporation

(4) Control of the Foundation is based on sole membership, not the ownership of voting securities

(5) PacifiCare Life and Health Insurance Company is 99% owned by PacifiCare Health Plan Administrators, Inc. and 1% owned by PacifiCare Health Systems, LLC

(6) UnitedHealth Group Information Services Private Limited is 99.37% owned by UnitedHealth Group International B.V.. The remaining 0.63% is owned by UnitedHealth International, Inc.

(7) Greater Phoenix Collaborative Care, P.C. is 49% owned by Collaborative Care Holdings, LLC and 51% owned by an individual shareholder. Collaborative Care Holdings, LLC has control via a succession agreement.

(8) United Healthcare India (Private) Limited is 99.9952% owned by UnitedHealth Group International B.V. and 0.0048% owned by UnitedHealth International, Inc.

(9) LLC i3 Ukraine is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(10) Placeholder

(11) General partnership interests are held by United HealthCare Services, Inc. (89.77%) and by UnitedHealthcare, Inc. (10.23%). United HealthCare Services, Inc. also holds 100% of the limited partnership interests. When combining general and limited partner interests, United HealthCare Services, Inc. owns 94.18% and UnitedHealthcare, Inc. owns 5.83%.

(12) Placeholder

(13) Placeholder

(14) Placeholder

(15) Placeholder

(16) Placeholder

(17) i3 Latin América Uruguay S.R.L. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(18) i3 Latin America Argentina S.A. is 95% owned by Ingenix International (Netherlands) B.V. and 5% owned by Ingenix Pharmaceutical Services, Inc.

(19) i3 Latin America Chile S.A. is 99.9999% owned by Ingenix International (Netherlands) B.V. and 0.0001% owned by Ingenix Pharmaceutical Services, Inc.

(20) i3 Latin America Brasil Serviços de Pesquisa Clínica Ltda. Is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(21) Ingenix Pharmaceutical Services Mexico S.A. de C.V. is 99.98% owned by Ingenix International (Netherlands) B.V. The remaining 0.02% is owned by i3 Latin America Argentina S.A..

(22) i3 Latin America Perú S.A. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by i3 Latin America Argentina S.A.

(23) i3 Research India Private Limited is 95% owned by Ingenix Pharmaceutical Services, Inc. and 5% owned by Ingenix, Inc.

(24) Limited partnership interest is held by United HealthCare Services, Inc. (99%). General partnership interest is held by UMR, Inc. (1%)

(25) Romania i3 Research Ingenix S.R.L. is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services (UK) Limited

(26) Dental Benefit Providers, Inc. is 99.999% owned by United HealthCare Services, Inc. and 0.001% owned by PacificDental Benefits, Inc.

(27) i3 Ingenix (Belgium) is 99% owned by Ingenix International (Netherlands) B.V. and 1% owned by Ingenix Pharmaceutical Services, Inc.

(28) Personal Performance Consultants India Private Limited is 99.996% owned by OptumHealth International B.V. and 0.004 % owned by United Behavioral Health.

OVERFLOW PAGE FOR WRITE-INS

Additional Write-ins for Statement of Revenue and Expenses Line 47

		1 Current Year	2 Prior Year
4704.	2007 change in deferred tax correction of error		(649,007)
4705.	2008 pharmacy expense correction of error		(2,006,438)
4706.	2008 goodwill write-off		(6,363,976)
4707.	Income to surplus (tax provision)		781,005
4797.	Summary of remaining write-ins for Line 47 from overflow page	0	(8,238,416)

Additional Write-ins for Underwriting and Investment Exhibit Part 3 Line 25

		Claim Adjustment Expenses		3	4	5
		1 Cost Containment Expenses	2 Other Claim Adjustment Expenses	General Administrative Expenses	Investment Expenses	Total
2504.	Miscellaneous losses	17,027	1,962	49,977		68,966
2505.	Sundry general expenses	328,511	37,857	966,012		1,332,380
2597.	Summary of remaining write-ins for Line 25 from overflow page	345,538	39,819	1,015,989	0	1,401,346

ALPHABETICAL INDEX

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ANNUAL STATEMENT BLANK (Continued)